

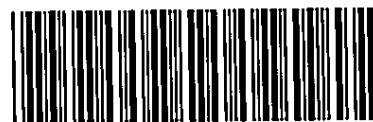
**JJB SPORTS PLC**

**Report and Financial Statements**

**52 weeks to 27 January 2008**

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## Chairman's statement

Since Chris Ronnie joined the Board in June 2007, he has introduced a number of measures to re-energise our retail store chain. The profitability of the retail store chain, which is the major part of our business, has steadily declined over the last few years and in the Business review on pages 4 to 8, we set out what we have achieved to date and what our future policies will be in this regard.

The strengthening of our own brand product offer together with the recent closure of under-performing stores, the planned improvements to our retail store layouts and an incentivisation of our retail staff will, I believe, lead to a turn-around in the results of our retail store chain.

Unlike the trend in results from the retail store chain, the expansion rate and the results of our chain of fitness clubs is very satisfactory and I believe that there are many opportunities for the continuing growth of this business.

At the end of January 2008, we acquired the Original Shoe Company chain of retail stores which specialises in branded lifestyle clothing and footwear products. The Original Shoe Company fascia will continue and will extend our Group presence beyond JJB's existing "Serious about sport" concept.

### Changes in Directors

The last 11 months have seen a change in the ownership of the Whelan family block of shares in the Company and several changes to the Board. In June 2007, the founder and principal architect of the growth of JJB over the last 30 years, David Whelan, sold the block of ordinary shares in JJB owned by himself and his family, to the joint venture vehicle controlled equally by Chris Ronnie and the Icelandic financial group, Exista hf. Although David Whelan resigned from the Board in June 2007, he was appointed Honorary Life President to reflect the valuable contribution he has made to JJB since he acquired the Company in the 1970s, when it traded from only one retail sports store. Many members of the Board had known Chris Ronnie for a number of years through his extensive experience in the sports trade both on the sourcing/manufacturing side (Diadora and Umbro) and on the retail side (Sports Division, that JJB acquired in 1998, and more recently, Sports Direct). Chris was appointed as Deputy Chief Executive in June 2007 and when Tom Knight left the Board in August 2007, Chris was appointed as Chief Executive.

Two Non-executive Directors resigned during the last 11 months, Roger Best who left in order to spend more time on his other business interests at Radley and Andrew Thomas who has been a Non-executive Director since JJB floated in 1994. Alan Benzie has replaced Andrew Thomas as Chairman of the Audit Committee, Alan was formerly Chairman of KPMG in the north of England. In October, we were pleased to announce the appointment of David Jones as a Non-executive Director. David was formerly Chief Executive and later Executive Chairman of Next and later held Non-Executive positions at Wm Morrison's Supermarkets and therefore brings a wealth of relevant retailing skills to the Board. In addition to his duties as a Non-executive Director, David is also acting as a consultant to advise on the growth of our internet business and our possible move into mail order.

In November 2007, we welcomed David Madeley to the Board as Commercial Director. He has initially led our negotiations on the sale of most of our indoor soccer centres in February 2008 and the acquisition of the Original Shoe Company chain of retail stores in January 2008. In April 2008, we announced the resignation of our Finance Director, David Greenwood, who reaches his normal retirement age in August 2008. David Madeley was then appointed Finance Director.

### Employees

Chris Ronnie has led the re-energisation of the retail store chain since he joined the Company and the work carried out to date has necessitated major efforts by all levels of staff and this work has been carried out enthusiastically and to a high standard. I would like to take this opportunity to thank all our staff for their support and their work contribution during this past year.

### Outlook

There is no doubt that the whole retail market within the UK is currently facing challenging times with the reduced availability of credit together with increasing interest charges and inflationary costs affecting the disposable incomes of the majority of our customers. Whilst we cannot expect to be exempt from the impact that these conditions will have upon our trade in the near future, I do believe that the actions we have taken to re-energise our retail store chain are entirely appropriate.

The acquisition of new own brands should result in both a stronger product offering in our stores and an uplift in our gross margin and the recent closure of our under-performing stores will improve the Group result. We are excited by the opportunities presented by the Original Shoe Company store chain and of course, we look to continued expansion from our chain of fitness clubs.

Therefore although the times ahead will be challenging, I believe that we are now approaching a turning point for the Group which will see an improvement in our performance over the medium term.

R Lane-Smith  
Chairman  
23 May 2008



## Business review

For the 52 weeks to 27 January 2008

### Cautionary statement

The Business review has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Business review should not be relied on by any other party or for any other purpose.

The Business review and the Chairman's statement contain certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this Annual report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

### Review of operating results

The operating results for the 52 weeks to 27 January 2008 and the comparative figures for the 52 weeks to 28 January 2007 are summarised below. We have decided upon an early adoption of IFRS 8 *Operating Segments*. Accordingly, our segmental information is now based upon the two business segments about which we appraise separate financial information when deciding how to allocate resources and to assess performance. These two segments comprise (a) all our retail operations and (b) our fitness clubs. The segments that we previously used were (a) standalone retail operations and (b) the combined units which included both the fitness clubs and the retail stores situated above them. We believe that this new segmentation gives a more meaningful insight into our two operating divisions.

	52 weeks to 27 January 2008			52 weeks to 28 January 2007		
	Retail operations £'000	Fitness clubs £'000	Total £'000	Retail operations £'000	Fitness clubs £'000	Total £'000
Revenue	745,474	66,280	811,754	754,488	55,799	810,287
Gross profit	342,403	63,709	406,112	331,432	53,541	384,973
Location net operating expenses before exceptional operating items	(292,968)	(46,597)	(339,565)	(271,157)	(38,765)	(309,922)
Operating profit before central costs and exceptional operating items	49,435	17,112	66,547	60,275	14,776	75,051
Central administration costs			(32,278)			(27,307)
Operating profit before exceptional operating items			34,269			47,744
Exceptional operating items			(22,974)			(8,723)
Operating profit			11,295			39,021

#### Retail operations

Revenue from retail operations for the 52 weeks to 27 January 2008 fell by £9.0 million (1.2 per cent) compared to the previous accounting period and which included a like-for-like decrease, on stores which have been in operation for over 52 weeks, of 0.5 per cent. All product categories, with the exception of replica kit products, achieved similar or higher levels of revenue but the strong comparatives in replica kit revenue from the FIFA World Cup in the summer of 2006 could not be matched in the summer of 2007, over the whole 52 weeks, revenue from England related products fell by £23.4 million.

The gross margin achieved on the retail operations for the 52 weeks to 27 January 2008 was 45.9 per cent compared to 43.9 per cent in the corresponding period. This improvement reflects higher margins from our ranges of footwear and replica products. The gross margin would have been slightly higher had it not been for the extensive stock clearance programme that we carried out during January 2008 which resulted in the Group having a more current stock position by 27 January 2008.

Location net operating expenses before exceptional operating items increased by 8.0 per cent to £293.0 million, mainly as a result of increased payroll costs and inflationary increases in power and fuel costs.

As a result of the above, operating profit from the retail operations, before central costs and exceptional operating items, was £49.4 million, compared to £60.3 million last year.

## **Business review (continued)**

**For the 52 weeks to 27 January 2008**

### **Review of operating results (continued)**

#### **Fitness clubs**

Revenue from the fitness clubs increased by 18.8 per cent to £66.3 million as we continued our expansion of this Division, this included a like-for-like increase of 3.7 per cent, we operated from 39 clubs at 28 January 2007 and from 49 clubs at 27 January 2008. The gross margin continues at a very high level and for the accounting period just ended, was 96.1 per cent. Location operating expenses before exceptional operating items increased by 20.2 per cent to £46.6 million resulting in an operating profit before central administration costs and exceptional operating items of £17.1 million, a 15.8 per cent increase compared to the previous accounting period.

#### **Exceptional operating items**

Exceptional operating items for the 52 weeks to 27 January 2008 totalled £23.0 million and included a provision in respect of the restructuring of our retail store chain of £25.0 million relating to the store closure costs of 72 stores which we closed in April 2008. Included in that store number are 7 which we are to re-badge as "Original Shoe Company" stores. This compares to exceptional operating items in the previous accounting period of £8.7 million, including £4.1 million relating to the final costs of the action taken against us by the Office of Fair Trading and a provision of £3.3 million following the closure of our Icon chain of stores.

#### **Net profit before taxation**

The net profit before taxation and exceptional operating items decreased by 28.5 per cent to £33.8 million from £47.2 million and the net profit before taxation after deducting those exceptional operating items decreased by 71.9 per cent to £10.8 million from £38.5 million.

#### **Taxation**

The effective rate of taxation on the Group's profit before taxation is 10.8 per cent compared to 32.9 per cent in the previous accounting period. This decrease results from the calculation of deferred tax liabilities at the new corporation tax rate of 28.0 per cent which became effective on 1 April 2008. If the deferred tax liability had been calculated at the former corporation tax rate of 30.0 per cent, then the effective rate of tax would have been 30.1 per cent.

The effective rate of 32.9 per cent in the previous accounting period was higher than the then current corporation tax rate because of the increase in provisions relating to the legal penalty and interest thereon which were regarded as being disallowable for tax purposes.

#### **Earnings per share**

Basic earnings per ordinary share for the 52 weeks to 27 January 2008 are 4.07 pence compared to 11.07 pence in the previous accounting period. This reduction is due to lower pre exceptional operating profits and the deduction of the exceptional operating items totalling £23.0 million (2007: £8.7 million) as shown in the Consolidated income statement on page 37 of the Financial statements. The adjusted basic earnings per ordinary share (before deduction of exceptional operating items) for the 52 weeks to 27 January 2008 are 10.89 pence compared to 14.21 pence in the previous accounting period.

### **Operational review**

#### **Retail operations**

At the time of publication of our Interim results in September 2007, we set out our plans for the re-energisation of our retail stores whilst maintaining our focus upon being "Serious about sport". During the second half of the accounting period of 52 weeks to 27 January 2008, we have commenced a number of initiatives which have started this re-energisation.

- We have undertaken an extensive clearance programme of non-current stock throughout January 2008 and whilst this has impacted our gross margins, it has left our stock package in a much cleaner position than at earlier period ends.
- We are committed to increasing the proportion of our retail store revenue from our own brand products and have recently completed an agreement to license the UK distribution rights of the Champion brand. Since the year end, we have also purchased the Travel Fox brand. We have doubled the number of staff in our design/sourcing department over the last few months in order to take advantage of the product opportunities presented by these new brands. We will continue to seek to acquire rights to other brands and believe that this will lead to enhanced levels of both revenue and gross margin. We also believe that these initiatives will reduce our dependency on the major bi-annual international football tournaments.

## **Business review (continued)**

**For the 52 weeks to 27 January 2008**

## **Operational review (continued)**

### **Retail operations (continued)**

- In November 2007, we refitted our existing store at The Trafford Centre in Manchester incorporating many new features and layouts, including a mezzanine floor. The trading results from this store since the re-opening have been very encouraging with double digit increases in revenue. We intend to refit up to 40 stores during the current year in both our out-of-town superstore and high street superstore formats.
- On 16 April 2008, we announced the results of a major review of our existing store portfolio. Prior to the year end, we started to implement a plan to close 72 stores which we believe will not make any significant contribution to Group profits in the near future. Seven of these stores are to be re-badged as "Original Shoe Company". Many of these stores compete against other newer and larger stores that we trade from in nearby locations. All these stores closed in April 2008. Provisions amounting to £25.0 million have been created in respect of these closures, which include the impairment of items within property, plant and equipment which will no longer be of use, tenancy costs expected to be incurred in exiting the relevant lease agreements and the attendant redundancy costs. We believe that these closures will leave us with a more profitable store portfolio that will be able to take full advantage of the other elements of our re-energisation plans which we set out in this section.
- We have made a number of changes to the operation of our Distribution centre in order to improve the level of service given to retail stores. The frequency of deliveries to stores has been considerably improved and the Distribution centre is now working a seven-day week. We have also begun to pre-retail all products going to our best performing stores.
- Two initiatives which have already been fully implemented are those relating to the introduction of a significant retail store staff incentivisation scheme and the opening of a Training academy at Martland Park in Wigan. In September 2007, we opened the Training academy with a team of 10 dedicated trainers who are carrying out training programmes for all retail staff. We are focused on driving revenue through training and believe that this will improve customers' experiences within our stores and further differentiate us from our competitors.
- On 28th January 2008 we acquired the whole of the share capital of the Original Shoe Company Limited ("OSC") for a cash consideration of £5 million, which was paid at the end of March 2008. OSC carries a range of branded lifestyle clothing and footwear products which have never been available within JJB. There are currently 60 OSC stores based predominately on the high street in the north of England and in Scotland. This fascia will be maintained and we also plan to convert some of our smaller high street stores into OSC stores. OSC will be run as a separate division of JJB, although it will share JJB's financing and marketing functions which will minimise any increase in central costs. The acquisition of OSC allows us to access new customers and to compete more effectively with other retailers in the branded lifestyle part of the retail sports trade without diluting our JJB strategy of being "Serious about sport".

### **Fitness clubs**

During the 52 weeks to 27 January 2008 we opened 9 combined fitness clubs/superstores and acquired one stand-alone fitness club from Fitness First. The total number of fitness clubs in operation at the end of the accounting period was 49 and these sites included 6 indoor soccer centres.

For some time now, we have not considered the growth of our indoor soccer centres as being a strategic part of our future development and consequently sold 5 of these centres to a subsidiary of Powerleague Group plc in February 2008 for a cash consideration of £17.4 million.

Membership levels at the fitness clubs continue to be very satisfactory. There was a total of 205,800 members at the 49 fitness clubs at 27 January 2008, compared to 174,700 members at 28 January 2007 from the 39 fitness clubs in operation at that date. This represents a total increase of 17.8 per cent and includes a like-for-like increase of 3.4 per cent in the number of members in the 39 fitness clubs that have been open throughout the accounting period. Our success in achieving the high levels of membership in our clubs results from the strong value-for-money offering of first-class facilities at very competitive subscription rates.

The continuing success of the concept of combined units fully justifies the Board's decision to maintain the opening programme, referred to in the Property review on page 9 of this Annual report.

## **Business review (continued)**

**For the 52 weeks to 27 January 2008**

### **Review of Balance Sheet**

#### **Capital expenditure**

Capital expenditure on property, plant and equipment for the 52 weeks to 27 January 2008 was £27.3 million compared to £33.1 million in the previous accounting period. The majority of this capital expenditure was spent on the combined fitness club/superstore sites. A total of 9 combined fitness clubs/superstores were opened during the 52 weeks to 27 January 2008 compared to 7 in the previous accounting period, although much of the capital expenditure on 3 clubs which opened in the early months of the accounting period to 27 January 2008 was included in the capital expenditure for the previous accounting period.

#### **Current asset investment**

In October 2007, we acquired a strategic interest in Umbro plc ("Umbro") for £26.5 million, equivalent to 10.12 per cent of its issued share capital, at a price (including costs) of 179.6 pence per share.

This shareholding has been valued in the Consolidated balance sheet at 27 January 2008 at 190.3 pence being the market price of Umbro's shares on that day and the gain on the revaluation of £1.6 million has been taken to equity. These shares, pursuant to a Scheme of Arrangement, were acquired by Nike Vapour Ltd for 193.06 pence per share in March 2008 giving a gain in the current accounting period of £434,000.

#### **Inventories**

The value of inventories at 27 January 2008 was £115.0 million, 10.2 per cent lower than at 28 January 2007, partly as a result of the extensive clearance programme of non-current stock in January 2008 and partly from lower levels of England replica stock because of a later launch of the new kit in 2008.

#### **Net debt**

The Group's net debt at 27 January 2008 was £42.2 million compared to £9.2 million at 28 January 2007. The principal reason for the increase in net debt is the acquisition of the shares in Umbro Plc at a cost of £26.5 million which, as referred to above, have subsequently been sold to Nike Vapour Ltd in March 2008.

### **Financial review**

#### **Dividend**

The Board has proposed, subject to approval by the shareholders at the forthcoming Annual General Meeting, to maintain the rate of the final dividend at 7.0 pence net per ordinary share. If approved, the final dividend will be paid on 8 August 2008 to shareholders on the share register at the close of business on 11 July 2008 and the shares will trade ex-dividend from 9 July 2008.

The total of the interim dividend of 3 pence per ordinary share for the 52 weeks to 27 January 2008, paid on 9 January 2008, together with the proposed final dividend, is covered 0.4 times calculated upon basic earnings per ordinary share but is covered 1.1 times calculated on the adjusted basic earnings per ordinary share. The dividend yield, based on the mid market price of an ordinary share of 112.5 pence at 25 January 2008, will be 8.9 per cent if the proposed final dividend is approved.

#### **Share capital**

Details of the share capital and recent movements are described in note 27 in the Notes to the Financial statements.

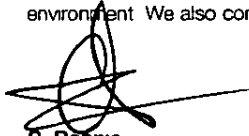
The mid market share price of the ordinary shares at the close of business on 25 January 2008 was 112.50 pence, representing an equity market capitalisation of approximately £269 million. This share price represents a decrease of 54.7 per cent from the price of 248.50 pence at 26 January 2007. Following the announcement of the Preliminary results on 16 April 2008, the closing share price was 117.25 pence. On 20 May 2008, the date on which declarable interests have been disclosed in the Directors' report, the share price was 124.25 pence.

**Business review** (continued)  
**For the 52 weeks to 27 January 2008**

**Current trading**

On 20 May 2008, we published our Interim Management Statement relating to the 13 weeks to 27 April 2008. We advised that Group revenue for that period was 8.3 per cent lower than the same period last year. On a like-for-like basis (on operating units that have been trading for over 52 weeks) the total revenue was 5.3 per cent lower. This comprises a 6.5 per cent decrease in retail store chain revenue and a 5.0 per cent increase in revenue from fitness clubs. The combined gross margin achieved during the same period was 100 basis points higher than the comparative period last year.

We noted that the Board remains confident about its strategy going forward but is also aware of the challenging retail environment. We also confirmed the completion of our recent store closure programme.



**C. Ronnie**  
Chief Executive  
23 May 2008



**D. P. Madeley**  
Finance Director  
23 May 2008



## Property review

For the 52 weeks to 27 January 2008

During the 52 weeks to 27 January 2008, we opened 14 new retail stores and reopened 5 stores, during the same period we closed 26 retail stores. The 14 openings comprised 8 stores situated above fitness clubs and 6 standalone superstores. The 26 closures included 7 retail stores which closed as a result of relocations to newly opened nearby sites, with most of the other stores being closed because of their poor trading performance.

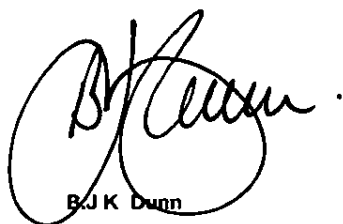
The number of operating units is as follows

	As at 27 January 2008	As at 28 January 2007
Retail Stores		
Out-of-town superstores	192	191
High street superstores	102	107
Others – mainly small high street stores	115	118
	<b>409</b>	416
Retail selling space (square feet)	<b>4,348,000</b>	4,295,000
Fitness clubs	<b>49</b>	39

Our opening plans for the current accounting period comprise 10 combined fitness club/superstores and 9 other superstores. The sites of these openings are in various stages of legal negotiation or actual construction. Sites identified for opening during the next accounting period comprise 14 combined fitness clubs/superstores and 4 other superstores.

We have already referred in the Retail operations part of the Operational review on an earlier page, to the closure in April 2008 of a number of stores as a result of a review of our existing store portfolio and also to our plans for store refits.

Our aim is to concentrate our JJB stores into both high street superstores and out-of-town superstores where a more complete range of clothing, footwear and equipment can be displayed. This also provides customers with a more pleasant shopping experience and we expect this policy to maximise store profitability. In order to mitigate the impact of 5 year rent reviews on out-of-town sites which regularly exceed the rate of inflation, we shall continue the roll out the combined fitness club/superstores format where, by negotiation with the landlord, a cap is placed on all future rent reviews.



B.J.K. Dunn

Property Director

23 May 2008

## **Directors' biographies**

### **Executive Directors**

#### **Chris Ronnie – Chief Executive**

Aged 46, Chris Ronnie was part of the consortium which in June 2007 acquired the share block held by David Whelan and his family. Chris joined the Board as Deputy Chief Executive on 8 June 2007 and succeeded Tom Knight as Chief Executive on 3 August 2007. Chris brings to JJB a wealth of experience from his many years in the sports industry sector including both manufacturing and retail areas. He previously worked for Blane Leisure Limited (Sports Division), a major competitor of JJB prior to JJB's acquisition of that company in September 1998. He has since held senior positions in several other sports companies including Umbro plc and Sports Direct International plc.

#### **Barry Dunn MRICS – Property Director**

Aged 51, Barry Dunn joined JJB in 1986 as Estates Manager after 10 years in commercial and residential agency. In 1992 he left to take up the position of Estates and Development Controller with Matalan plc, where he gained valuable experience in the development of out-of-town retailing. Returning to JJB in 1995 as Property Director, Barry Dunn has full responsibility for the Group's existing properties and for identifying and negotiating the acquisition of new sites and the disposal of the leases of any closed operating units.

#### **David Madeley FCA – Finance Director**

Aged 47, David Madeley joined JJB on 26 November 2007 as Commercial Director. David Madeley qualified as a Chartered Accountant in 1983, and brings a wealth of experience from his time in both the corporate finance and marketing communications sectors. In his position of Commercial Director, he had particular responsibility for all major contractual agreements and corporate acquisitions and disposals. On 1 May 2008, David was appointed Finance Director and added the overall responsibility for all accounting and administrative functions to his responsibilities.

### **Non-executive Directors**

#### **Roger Lane-Smith – Chairman**

Roger Lane-Smith, aged 62, was appointed as a Non-executive Director in November 1998. He was Senior Partner and Chairman of DLA Piper UK LLP from 1998 to 2005 and was appointed a Senior Consultant to the practice in May 2005. In July 2005, he became Chairman of JJB, responsible both for ensuring that the Board functions effectively and also for general strategic issues. He is a Non-executive Director of MS International plc, WH Ireland Group plc, Dolphin Capital Investors plc, Timpsons plc and a number of other non-quoted companies.

## Directors' biographies (continued)

### Non-executive Directors (continued)

#### David Beever

David Beever, aged 67, was appointed as a Non-executive Director in March 2000. He is a Non-executive Director of Premier Foods plc, The Paragon Group of Companies plc and Volex Group plc. He was previously Chairman of London & Continental Railways Limited and a Vice Chairman of SG Warburg & Co Limited.

#### Alan Benzie FCA

Alan Benzie, aged 60, was appointed as a Non-executive Director on 3 August 2007. Alan was Chairman of KPMG in the north of England until his retirement in 2003 and is now Chairman of the North West legal firm, DWF. Alan also holds Non-executive directorships at London Scottish Bank plc, Grampian Country Food Group Ltd, Ask Developments Ltd and is Chairman of the Board of Governors of Manchester Metropolitan University.

#### David Jones CBE, FCCA, FCIS

David Jones, aged 65, was appointed as a Non-executive Director on 1 October 2007. David Jones has had a long career in the retail industry, notably as Chief Executive and later Executive Chairman of Next plc. He was also a Non-executive Director and later Non-executive Deputy Chairman of Wm Morrison Supermarkets plc and is currently Chairman of Littlewoods Shop Direct Group.

## Board Committees

### Audit Committee

Alan Benzie (appointed 3 August 2007 and appointed Chairman 1 January 2008)  
Andrew Thomas (Committee Chairman, resigned 1 January 2008)  
David Beever  
Roger Best (resigned 3 August 2007)  
David Jones (appointed 1 October 2007)

### Remuneration Committee

Roger Lane-Smith (Committee Chairman)  
Andrew Thomas (resigned 1 January 2008)  
David Beever  
Roger Best (resigned 3 August 2007)  
Alan Benzie (appointed 3 August 2007)  
David Jones (appointed 1 October 2007)

### Nominations Committee

Roger Lane-Smith (Committee Chairman)  
Andrew Thomas (resigned 1 January 2008)  
David Beever  
Roger Best (resigned 3 August 2007)  
Alan Benzie (appointed 3 August 2007)  
David Jones (appointed 1 October 2007)

The terms of reference and details of the responsibilities of these Committees is set out in the Corporate governance report on pages 21 to 22 and is published on JJB's corporate website – [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk)

## JJB Sports plc

### Directors and advisers

#### Directors

R Lane-Smith (Chairman)  
C Ronnie (Chief Executive)  
B J K Dunn (Property Director)  
D P Madeley (Finance Director)  
D M M Beever (Non-executive Director)  
D C Jones (Non-executive Director)  
A A E Benzie (Non-executive Director)

#### Registered office

Martland Park,  
Challenge Way,  
Wigan,  
Lancashire,  
WN5 0LD

#### Company number

Registered in England and Wales,  
Number 1024895

#### Company secretary

J D Greenwood

#### Financial advisers and stockbrokers

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#### Auditors

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## Directors' report

### For the 52 weeks to 27 January 2008

The Directors of JJB Sports plc (the Group) present their Annual report on the affairs of the Group, together with Financial statements and the Auditors' report, for the 52 weeks to 27 January 2008

#### Enhanced business review

This section should be read in conjunction with the Business review on pages 4 to 8 of this Annual report

The principal activity of the Group continues to be the retailing of sportswear and sporting equipment. The Group also operates a chain of fitness clubs which have a smaller number of indoor soccer centres attached to them. The Group also operates a television broadcasting and marketing business which specialises in the marketing of golf products and fitness equipment through Sky Television. On 28 January 2008, the Group acquired Original Shoe Company, which trades from 60 stores, and sells a range of branded lifestyle clothing and footwear. In February 2008, the Group sold the majority of its indoor soccer centres.

At 27 January 2008 the Group operated from 409 retail stores, 49 fitness clubs and 6 indoor soccer centres.

The Group's plans for store openings during the financial period of 52 weeks commencing 28 January 2008 are to open a further 10 combined fitness clubs/superstores and 9 standalone superstores. On 16 April 2008 the Group announced that it was to restructure its retail store chain by closing 72 under-performing retail stores during April 2008.

Except for the acquisition of the Original Shoe Company chain and the restructure of the retail store chain referred to above, the Directors are not aware, at the date of this Annual report, of any other likely major changes to the Group's activities in the current financial year.

The Group's financial results for the 52 weeks to 27 January 2008 are shown in the Consolidated income statement on page 37, the Group's revenue increased by 0.2 per cent, over the comparative accounting period and the net profit before taxation has fallen by 71.9 per cent to £10.8 million (after the creation of a provision for the restructuring of the retail store chain, of £25.0 million) from £38.5 million.

The Consolidated balance sheet on page 39 shows the Group's financial position at 27 January 2008. Net assets have fallen to £365.1 million from £377.0 million, principally as a result of maintaining the dividend despite the fall in profit after taxation. The fall in profit after taxation was principally caused by the creation of the provision of £25.0 million for the restructuring of the retail store chain.

#### Results and dividends

The Group profit after taxation for the accounting period attributable to equity holders of the Company is £9,630,000 (2007: £25,825,000). Dividends paid during the 52 weeks to 27 January 2008 and deducted from the equity attributable to the equity holders of the Company comprise the final dividend for the previous accounting period of 7.0 pence net per ordinary share, amounting to £16,556,000 and the interim dividend for the 52 weeks to 27 January 2008 of 3.0 pence net per ordinary share amounting to £7,116,000.

The Directors recommend a final dividend of 7.0 pence net per ordinary share (2007: 7.0 pence) which when added to the interim dividend of 3.0 pence (2007: 3.0 pence) gives a total dividend paid or proposed for the accounting period of 10.0 pence net per ordinary share (2007: 10.0 pence). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 8 August 2008 to shareholders on the share register at the close of business on 11 July 2008.

#### Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the accounting period are shown in note 27 in the Notes to the Financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of the holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 28 in the Notes to the Financial statements.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the 2006 Combined Code on Corporate Governance, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Under its Articles of Association, the Company has authority to issue 331,600,000 ordinary shares. There are currently 238,887,500 ordinary shares in issue.

## **Directors' report (continued)**

**For the 52 weeks to 27 January 2008**

### **Risks and uncertainties**

The Board has a policy of continuous identification and review of key business risks and oversees the development of processes to ensure that these risks are managed appropriately. Executive Directors and senior management, including the Associate Directors, are delegated with the task of implementing these processes, the Executive Directors are charged with reporting to the Board on their outcomes. The key risks identified by the Board include

### **Economic conditions**

In common with most retailers, JJB's results can be affected by a number of economic conditions including interest rates, the availability of consumer credit, the level of inflation and movements in consumers' disposable income. All these factors affect the level of consumer confidence and can impact upon revenue achieved by both JJB's retail store chain and its fitness clubs. This is particularly relevant at the current time where present economic conditions are having a particularly adverse effect upon the income that consumers' have available for non-essential purchases. In order to mitigate these economic risks JJB needs to remain competitive through the offer of a wide range of products at reasonable prices through a strong property portfolio.

### **Competition**

JJB's retail store chain operates in a particularly competitive part of the retail sector and therefore its degree of competitiveness is to some extent affected by the retail pricing policies of its competitors which in turn impacts upon JJB's margins, profitability and market share. In order to mitigate this risk, JJB monitors prices on an ongoing basis and seeks to design and source new products. The aim is to achieve a broad appeal by offering quality ranges of products at varying price points. JJB is also improving its e-commerce capability to take advantage of other consumer markets.

### **Key personnel**

The success of JJB is partly dependent upon the continued service of its key management personnel and upon its ability to attract, motivate and retain suitably qualified employees. In order to help achieve this continued service, JJB has introduced competitive reward packages for all head office and retail staff and opened a dedicated Training academy to develop training for all levels of retail staff and thereby increase morale and improve staff retention. It is hoped the academy will also achieve increases in revenue through improved customer service and product knowledge from its employees.

### **Environment**

JJB's key environmental risks are related to minimising energy usage in stores and in transportation, the management of waste and its ability to respond to consumer concerns in this area. JJB recognises the opportunities for competitive advantage through energy efficiency and looks for continuous improvements. JJB is working closely with the Carbon Trust to achieve these objectives, as noted in the Corporate social responsibility report referred to on page 28 of this Annual report.

### **Suppliers**

JJB is dependant upon its major suppliers continuing to design and produce quality product ranges for sale within its retail stores at wholesale prices which will enable JJB to maintain its margins and to compete effectively within the retail sector. It is also dependent upon maintaining relationships with a number of source manufacturers who can provide products sourced directly by JJB under its own brands.

### **IT systems and business continuity**

JJB is dependent upon the continued availability and integrity of its computer systems. Its retail and fitness club operations must record and process a substantial volume of data and conduct inventory management accurately and quickly. This can only be achieved on systems which benefit from continuous enhancements and ongoing investment which will minimise the risk of obsolescence and maintain responsiveness to business needs. JJB is also dependant upon the uninterrupted operation of its computer systems and therefore reliance needs to be placed upon a disaster recovery plan to replicate the data stored on its business critical computer systems. JJB has extensive controls in place to maintain the integrity and efficiency of its IT infrastructure.

**Directors' report (continued)****For the 52 weeks to 27 January 2008****Risks and uncertainties (continued)****Revenue dependence on key sporting events**

JJB derives some benefit in alternate years from the sale of replica kits if the England national football team reaches the finals of the two major competitions (the FIFA World Cup and the Euro Championships). This benefit is lost if the England team fails to qualify for the finals of those competitions. In order to mitigate this situation, JJB is implementing measures to reduce the level of dependency on tournament years by improving the performance of all product categories in the retail stores with the introduction of products from new own brands.

**Logistics and distribution infrastructure**

An important component of JJB's strategy is to maintain a secure and efficient distribution centre in order to ensure prompt and frequent deliveries of inventory to its retail stores. Any disruption to this supply chain could adversely affect the Group's revenue levels.

**Property availability**

The continuing growth of the Group, particularly with regard to the combined fitness clubs/superstores, is dependant upon the availability of new sites at competitive rentals, the timing of new openings is partly dependant upon the granting of full planning permissions by local authorities.

**Treasury and financial risks**

JJB is subject to treasury and financial risks arising from the security of its existing funds, the ongoing availability of new funds and fluctuations in interest and exchange rates. The Group has adopted a policy of only dealing with creditworthy counterparties and monitors its funding requirements by regular funds forecasting. The Board regularly reviews any requirement to protect the Group against fluctuations in interest rates and in order to protect cash flows against the exchange rate risk, JJB enters into forward contracts to hedge exposures arising on its forecasts of payments in foreign currencies.

**Key performance indicators**

The Board monitors its performance by reference to a number of key performance indicators ("KPIs") of which the most important are

	<b>52 weeks to 27 January 2008 £'000</b>	52 weeks to 28 January 2007 £'000
<b>Financial KPIs</b>		
Change in like-for-like revenue	<b>+0.2%</b>	+7.5%
Gross margin	<b>50.0%</b>	47.5%
Earnings per share	<b>4.07 pence</b>	11.07 pence
Net debt	<b>£42,156,000</b>	£9,246,000
<b>Non-financial KPIs</b>		
Retail selling space	<b>4,348,000 sq feet</b>	4,295,000 sq feet
Number of fitness clubs	<b>49</b>	39
Number of fitness club members	<b>205,800</b>	174,700

**Subsidiaries**

The subsidiary undertakings principally affecting the profits or net assets of the Group in the accounting period are listed in note 16 in the Notes to the Financial statements.

## Directors' report (continued)

For the 52 weeks to 27 January 2008

### Directors

The Directors who served during the year were

R Lane Smith	D Whelan (resigned 8 June 2007)
TW Knight (resigned 3 August 2007)	C Ronnie (appointed 8 June 2007)
J D Greenwood (resigned 30 April 2008)	B J K Dunn
D P Madeley (appointed 26 November 2007)	D M M Beever
R C Best (resigned 3 August 2007)	A A E Benzie (appointed 3 August 2007)
D C Jones (appointed 1 October 2007)	A G Thomas (resigned 1 January 2008)

The current members of the Board of Directors are listed on page 12 of this Annual report

Full details of the cost of the service contracts, remuneration and incentive packages provided for the Directors are given in the Directors' remuneration report in this Annual report on pages 30 to 35

### Directors' interests

The interests of the Directors in the ordinary shares of the Company at the beginning of the accounting period, or date of appointment if later and at the end of the accounting period, were as follows

	27 January 2008		28 January 2007 or date of later appointment	
	Number of 5p ordinary shares Beneficial	Non-beneficial	Number of 5p ordinary shares Beneficial	Non-beneficial
R Lane-Smith	150,000	–	66,674	–
C Ronnie	34,496,474	34,496,474	34,496,474	34,496,474
J D Greenwood	498,531	–	498,531	–
B J K Dunn	–	–	–	–
D P Madeley	–	–	–	–
D M M Beever	84,751	–	70,200	–
A A E Benzie	40,000	–	–	–
D C Jones	–	–	–	–

The interest in the ordinary shares of the Company held by Chns Ronnie are held in Halco 1480 Limited, a company in which he holds 50 per cent of the issued share capital. Whilst all these shares are registered in the name of Kaupthing Singer & Friedlander Limited, pending a default under the relevant facilities agreement financing the purchase of the shares, the voting, conversion, redemption and all the rights to such shares are required to be exercised on the instructions of Halco 1480 Limited

There have been no changes in Directors' interests since 27 January 2008



**Directors' report (continued)****For the 52 weeks to 27 January 2008****Declarable interests**

As at 20 May 2008, the following notifications had been received from holders of material interests in 3 per cent or more of the Company's issued share capital

	<b>Number of 5p ordinary shares</b>	<b>Percentage of share capital</b>
Hallco 1480 Limited (see above)	68,992,948	28.88
Legal & General Investment Management	29,559,197	12.37
Harris Associates LP	24,637,725	10.31
Standard Life Investments	21,145,550	8.85
MF Global UK	13,791,452	5.77
LSV Asset Management	12,120,114	5.07
Barclays Global Investors	11,467,951	4.80
Investec Asset Management	10,726,879	4.49
Capital Group	10,328,228	4.32
Liontrust Asset Management	9,193,301	3.85
Dimensional Fund Advisors	8,717,853	3.65

**Close company status**

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988

**Charitable donations, corporate responsibility and political contributions**

Charitable donations of £32,700 (2007 £2,000) were made by the Group during the 52 weeks to 27 January 2008

In addition to these donations, JJB directly supported a number of charities during 2007 with fundraising schemes or events including Macmillan Cancer Relief, British Heart Foundation, Breast Cancer Awareness and the Variety Club Children's Charity. In total £142,000 was raised for these charities and details are given in the Corporate social responsibility report on pages 26 to 27

No contributions were made to political parties

**Financial risks and treasury policies**

The key financial risks faced by the Group are the security of existing funds, the ongoing availability of adequate funding and fluctuations in exchange and interest rates

The treasury policies approved by the Board of Directors which are used by the Group in order to effectively manage these risks are set out in note 39 in the Notes to the Financial statements

**Supplier payment policy**

The Group's policy for the payment of suppliers is to agree terms of payment with suppliers at the time that orders are placed. Payment is then made in accordance with the agreed terms. At 27 January 2008, the number of days purchases included in the amounts owing to trade creditors, in the Group and Company, was 27 days (2007 26 days), based on the ratio of trade creditors at the end of the accounting period to the amounts paid during the accounting period to trade creditors

**Disclosure of information to Auditors**

In accordance with the provisions of Section 234ZA of the Companies Act 1985, each of the persons who is a Director at the date of approval of this Directors' report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

## **Directors' report (continued)**

**For the 52 weeks to 27 January 2008**

### **Employment issues**

The Group employs approximately 12,000 people throughout the United Kingdom and overseas and is proud of its record as a responsible and valued employer. JJB Sports plc is an equal opportunities employer, and as such the following key values are respected throughout JJB's operations:

- All employees should be treated fairly and equally and the workplace should be free from discrimination, harassment and intimidation.
- Recruitment, retention and progression of employees is based solely on personal ability and competency for the work in question, and
- Disabled persons should enjoy equal opportunities within the workplace. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons, should as far as possible, be identical to that of other employees.

### **Employee training**

Staff training and development is a major priority for JJB and in September 2007, JJB opened a Training academy. The academy has a team of 10 dedicated trainers and provides training for all levels of staff at its retail stores, with a focus on providing customer service and achieving product knowledge.

In addition to developing courses for retail store staff, the academy is currently developing an Institute of Leadership Management course for retail, head office and distribution centre managers to improve their management skills.

Driver training is provided to employees using fork lift trucks and other handling equipment, in order to improve safety in the Distribution centre.

The Group financially supports those employees wishing to obtain relevant professional qualifications whilst in its employment. Professional staff are also encouraged to attend training courses and seminars as and when necessary, in order that they keep up to date with developments relevant to their work and areas of expertise. Career progression is available to employees across the Group.

### **Employee consultation**

The Group places considerable value on the involvement of its employees in matters affecting them as employees. JJB has continued the practice of keeping employees informed on such matters and on the various factors affecting the performance of the Group. This is achieved through regular meetings involving Directors, managers and supervisory staff to convey information about the business as well as via the Company magazine and notice boards. In addition, annual conferences are held for the Associate Directors, retail store management and fitness club management. The GMB Union are accepted by the Company to negotiate collective bargaining on behalf of hourly paid staff within the Distribution centre.

In September 2007, the Group adopted a Sharesave plan, the membership of which was offered to all employees with over 12 months service with the Group, and at 27 January 2008, the plan had 644 members. Under the plan, employees can save up to a monthly limit of £250 and are given an option to buy ordinary shares in JJB Sports plc at the end of the 3 or 5 year term of the plan at a discount of 20 per cent of the market value of the ordinary shares set in September 2007. There are no performance conditions attached to these options.

### **Annual General Meeting**

The Annual General Meeting of shareholders will be held at 12 noon on Thursday 24 July 2008 at the head office of JJB Sports plc at Martland Park, Challenge Way, Wigan, WN5 0LD. The Notice of the Meeting is at the back of this Annual report and Financial statements on pages 87 to 88.

### **Ordinary business of Annual General Meeting**

#### **(a) Directors' remuneration report**

In accordance with the Directors' Remuneration Report Regulations 2002, the Directors' remuneration report will be tabled for approval by the shareholders at the forthcoming Annual General Meeting.

#### **(b) Auditors**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors to the Company and a resolution for their re-appointment as auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

## **Directors' report** (continued)

For the 52 weeks to 27 January 2008

### **Ordinary business of Annual General Meeting (continued)**

#### **(c) Election of Directors**

The Articles of Association require one third of the Directors to offer themselves for re-election to the Board at every Annual General Meeting (AGM), in addition to the election of Directors appointed during the year. Roger Lane-Smith, Barry Dunn and David Beever are the Directors due to retire by rotation and resolutions will be proposed for their re-election at the forthcoming AGM. Alan Benzie, David Jones and David Madeley have been appointed Directors since the date of the last AGM and resolutions will be proposed at the forthcoming AGM for their election.

### **Special business of Annual General Meeting**

#### **(a) Renewal of Directors' powers to allot shares**

The existing general authority of the Directors to allot ordinary shares will expire at the conclusion of the Annual General Meeting. Resolution 11 (which will be proposed as an ordinary resolution), will give the Directors authority to allot a further 79,628,360 ordinary shares, with an aggregate nominal value of £3,981,418, which represents approximately one third of the issued share capital of the Company as at 20 May 2008. The Directors, however, have no present intention of exercising the proposed general authority sought by Resolution 11. The authority proposed to be granted will expire at the conclusion of the Annual General Meeting to be held in 2009 or 15 months from the passing of the relevant resolution, whichever is the earlier. The Company currently holds no treasury shares.

#### **(b) Disapplication of pre-emption rights**

At the last Annual General Meeting held on 17 July 2007, the Directors were empowered until the conclusion of the 2008 Annual General Meeting to make limited allotments of ordinary shares for cash, other than in accordance with the statutory pre-emption rights. Those pre-emption rights require a company to offer shares which are to be allotted for cash proportionately to existing shareholders first.

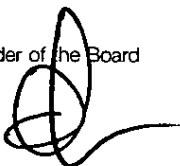
Resolution 12 (which will be proposed as a special resolution) empowers the Directors, until the conclusion of the Annual General Meeting to be held in 2009 or 15 months from the passing of the resolution, whichever is earlier, to issue shares for cash, other than proportionately to existing shareholders. These powers are limited to the issue of a further 11,944,360 ordinary shares having a nominal value of £597,218 which is approximately 5 per cent of the Company's issued share capital as at 20 May 2008. This resolution also contains provision to enable the Directors to deal with fractional entitlements or other practical difficulties which could arise in the event of a rights issue or similar pre-emptive offer.

### **Events after the balance sheet date**

Events after the balance sheet date are set out in Note 42 in the Notes to the Financial statements, these can be summarised as

- The proposal by the Board to pay a final dividend of 7 pence per ordinary share for the 52 weeks to 27 January 2008, payment of which is subject to approval by shareholders at the forthcoming Annual General Meeting
- The acquisition of the Original Shoe Company chain of retail stores with effect from 28 January 2008
- The sale of 5 UK indoor soccer centres on 26 February 2008
- The sale of the Company's shareholding in Umbro plc on 17 March 2008

By order of the Board



**J D Greenwood**

**Company Secretary**

Martland Park, Challenge Way  
Wigan, Lancashire, WN5 0LD

23 May 2008

## Corporate governance report

For the 52 weeks to 27 January 2008

### Introduction

JJB is fully committed to high standards of corporate governance and sets out below its report on how it complies with the provisions of the 2006 Combined Code on Corporate Governance ('the Code')

### Compliance statement

The Company has, throughout the 52 weeks to 27 January 2008, complied with the provisions set out in Section 1 of the Code except that

- Code provision A3.2 requires that at least half the Board, excluding the Chairman, should comprise Non-executive Directors who are determined by the Board to be independent. There have been a number of Board changes during the accounting period which have resulted in code provision A3.2 being only complied with for the period from 3 August 2007 to 26 November 2007. For the greater part of the accounting period, the balance of Executive Directors to Non-executive Directors (excluding the Chairman) was 4:3. During the period from 3 August 2007 to 26 November, the balance was 3:3. Given the size of the Group and the experience of Board members, the balance of Non-executive and Executive Directors throughout the accounting period is considered by the Board to be appropriate.
- Code provision B2.1 stipulates that the Chairman can be a member of the Remuneration Committee, but cannot chair the Committee. Roger Lane-Smith has been Chairman of the Remuneration Committee throughout the 52 weeks to 27 January 2008 and is not considered as being independent under the Code. Given that there were at least 3 other experienced, independent Non-executive Directors on the Committee this is considered to be appropriate.

A further explanation of how the principles have been applied is set out below.

### The Board of Directors

The Board, which is ultimately responsible for the direction, management and performance of the company, met 10 times during the 52 weeks to 27 January 2008.

On 27 January 2008 the Board comprised eight directors: the Chairman, the Chief Executive, three Executive Directors and three Non-executive Directors. Since the end of the accounting period, one Executive Director has resigned. Short biographies of the Directors who currently hold office are set out on pages 10 to 11 of this Annual report.

### Board Changes

During the year ended 27 January 2008, there were several Board changes.

On 8 June 2007, the Company's founder, David Whelan, sold his and his immediate family's entire shareholding in JJB to a joint venture vehicle formed by Icelandic financial group Exista hf and Chris Ronnie. David Whelan resigned from the Board of Directors and ceased to be involved in the operations of the business. He was appointed Honorary Life President to reflect his outstanding contribution to the growth of JJB over more than 30 years.

The joint venture vehicle which was formed to acquire the shares held by David Whelan and his family is Halco 1480 Limited, a company in which Chris Ronnie holds 50 per cent of the issued share capital.

Chris Ronnie was appointed to the Board as Deputy Chief Executive on 8 June 2007 and was appointed Chief Executive on 3 August 2007 when Tom Knight who until then had been Chief Executive, resigned from the Board. Non-executive Director Roger Best resigned from the Board and was replaced by Alan Benzie on 3 August 2007.

From 1 October 2007 David Jones CBE, formerly Chief Executive and later Executive Chairman of Next plc, was appointed as a Non-executive Director.

On 26 November 2007, David Madeley was appointed as an Executive Director in the role of Commercial Director.

On 1 January 2008, Non-executive Director Andrew Thomas resigned from the Board.

On 30 April 2008, after the end of the accounting period, David Greenwood resigned as an Executive Director. David Greenwood had previously held the role of Finance Director and David Madeley was appointed Finance Director on that date, combining that role with his existing role of Commercial Director.

## Corporate governance report (continued)

For the 52 weeks to 27 January 2008

### The Board of Directors

There is a clear division of responsibilities at the head of the Company between the roles of the Chairman, Roger Lane-Smith who is responsible for the operation of the Board and Chris Ronnie, the Chief Executive who is responsible for implementing strategy

David Beever is the nominated senior independent Non-executive Director, replacing Andrew Thomas who resigned on 1 January 2008

The Board determines corporate strategy and reviews both financial and operational performance against forecasts. Full and timely access to all relevant information is provided to all Board members, via comprehensive information packs, in order that it can discharge its duties effectively. The information packs are produced in advance of Board meetings and include up to date management accounts with comparisons to forecasts and detailed trading information.

All the Non-executive Directors, including the Chairman, Roger Lane-Smith, are considered by the Board to be independent of Management and of the Company's major shareholders. Although Roger Lane-Smith was Senior Partner at DLA Piper UK LLP ("DLA") from 1998 to 2005, a firm of solicitors used by JJB, the Executive Directors believe that the fees paid to DLA are not such as to interfere with his independent character, judgment and integrity. During the 52 weeks to 27 January 2008, £497,000 was paid to DLA for legal work incurred during the ordinary course of business (2007: £398,000). The amount paid by the Group to DLA during the 52 weeks to 27 January 2008, represented less than 0.1 per cent of DLA's UK fee income.

Andrew Thomas had been a Non-executive Director of the Company from 1994 until the date of his resignation on 1 January 2008. The Board still regarded him as being independent despite the length of time he had been on the Board as a result of his wide range of experience both as a practising Chartered Accountant and from his former position as an Executive Chairman of a public company which operated in a similar part of the leisure industry as JJB's fitness clubs.

All Directors are subject to retirement by rotation and re-election by the Company's shareholders in accordance with the Articles of Association, subject to continued satisfactory performance. The number of Directors closest to but not exceeding one third of the Directors retire by rotation each year or, if this gives a number less than 3, then 1 further Director should retire. All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment by the Board.

Details of the notice periods in the service contracts of Executive and Non-executive Directors are set out in the Directors' remuneration report on page 33 of this Annual report.

There is an established procedure whereby any Director may, in the furtherance of their duties, have access to independent professional advice and services at the Group's expense. The Chairman ensures that Board procedures are followed and that the Board seeks independent advice whenever necessary. Where considered appropriate, relevant training is made available to any Director and the need for such training is assessed on a regular basis.

In order to assist in the discharge of corporate governance responsibilities, the Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These committees are described below.

### Audit Committee

The Audit Committee, which meets twice a year, is currently chaired by Alan Benzie who was appointed as Chairman on 1 January 2008, following the retirement of the previous Chairman, Andrew Thomas. Both Chairmen have recent and relevant financial experience. The Committee also comprises the other Non-executive Directors but does not include the Company Chairman, Roger Lane-Smith. The Finance Director and the Group's external auditors also attend the meetings of the Committee.

The Audit Committee consults with the external auditors on the Group's financial statements, accounting policies, internal controls and the risk management process as well as any other matters raised by the external auditors. The Committee's responsibilities also include making a recommendation to the Board on the appointment, retirement and removal of the external auditors. The Committee considers the independence and objectivity of the external auditors, the services they provide, and the scope of their audit work and related fees along with a review of their reported findings. Any significant matters raised from the Group's internal audit function are referred to the Audit Committee for their consideration. Any matters raised at the Audit Committee meetings are, if appropriate, discussed and dealt with at subsequent Board Meetings.

## Corporate governance report (continued)

For the 52 weeks to 27 January 2008

### Remuneration Committee

The Remuneration Committee comprises all the Non-executive Directors and is chaired by Roger Lane-Smith. The Committee reviews and approves the contractual and remuneration arrangements of the Executive Directors and the members of the Associate Board of Directors, based upon their performance during the accounting period and also taking into account the remuneration packages of directors in comparable public companies. Full details of the remuneration arrangements for the Directors are set out in the Directors' remuneration report on pages 30 to 35 of this Annual report.

### Nominations Committee

The Nominations Committee is chaired by Roger Lane-Smith and comprises the other Non-executive Directors. The Committee is responsible for making recommendations on the appointment of new Directors to the Board and in respect of the Board's balance and structure.

A short-list of potential candidates for any vacant position of Director is drawn up by the Chairman of the Committee after discussions with a range of senior retail trade executives and professional advisers. These candidates are then interviewed by the members of the Committee before the Committee makes the decision who to nominate to the Board as their preferred candidate for the vacant position.

### Performance evaluation

The Chairman through his attendance at Board Meetings and Executive Board Meetings, continually reviews the performance of the Board and of all the individual Directors.

### Attendance at Board/Committee Meetings

The following table shows the number of Board and Committee meetings held during the 52 weeks to 27 January 2008 and the attendance record of the individual Directors.

	Board of Directors	Audit Committee	Remuneration Committee	Nominations Committee
Number of meetings	10	2	2	3
R Lane-Smith	10	–	2	3
D Whelan (resigned 8 June 2007)	1	–	–	–
TW Knight (resigned 3 August 2007)	5	–	–	–
J D Greenwood	9	–	–	–
B J K Dunn	10	–	–	–
A.G Thomas (resigned 1 January 2008)	8	2	2	3
D M M Beaver	10	2	2	3
R C Best (resigned 3 August 2007)	4	1	1	2
C Ronnie (appointed 8 June 2007)	7	–	–	–
A A E Benzie (appointed 3 August 2007)	5	1	1	1
D Jones (appointed 1 October 2007)	3	–	1	–
D P Madeley (appointed 26 November 2007)	2	–	–	–

### Executive Board Meetings

Since the appointment of Roger Lane-Smith as Chairman in July 2005, regular meetings of the Executive Directors, have been held, chaired by Roger Lane-Smith. Meetings are usually held at monthly intervals and discuss an agenda comprising current trading results and all the major business decisions that are currently being made that affect the Group.

### Associate Board of Directors

Individual Executive Directors are responsible for the control of operational matters. In order to effect day to day control of the Group, a second tier Board was created in 1998 known as the Associate Board which currently comprises the Executive Directors and 18 Associate Directors who are senior executives of the Group responsible for all key disciplines within the business.

Whilst the Associate Directors have not been appointed to the office of Companies Act Director, their experience and knowledge ensure a strong link between the Group's strategy which is set by the Board and its implementation across the business.

## Corporate governance report (continued)

For the 52 weeks to 27 January 2008

### Internal control and risk management

The Company has established an Internal control framework encompassing both its financial and non-financial controls, the effectiveness of which is regularly reviewed by the Board and by senior executives, including the Associate Directors

The Board is ultimately responsible for maintaining the effectiveness of the Group's risk management processes and the system of internal control, whilst it is the role of management to implement Board policies on risk and control. The Board is assisted in discharging its duties by the Audit Committee, which provides a direct link to the external auditors through its regular meetings. Such a system is designed to effectively manage, rather than eliminate, the risks that are significant to the fulfilment of the Group's business objectives of long term growth of shareholder value via the maximisation of future earnings, and the safeguarding of the Group's assets

In accordance with the requirements of the Code, the Group has operated a continuous process for identifying, evaluating and managing any significant risk faced by the Group. The Board regularly reviews the process, which has been in place throughout the 52 weeks to 27 January 2008 and to the date of approval of these Financial statements. The process is designed to ensure that all significant risks to the achievement of the Group's objectives are identified on a timely basis, assessed and managed effectively

Any system of internal control can only provide reasonable and not absolute assurance that all significant business risks will be fully mitigated. However, by ensuring that the system of internal control reflects the risk environment in which the Group operates, the system should provide adequate assurance that the key risks facing the Group are properly managed

The Board sets the overall strategy and policy of the Group and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to

Detailed operational procedures are adopted and followed by the Group's principal functional activities and are designed to incorporate key controls. These key controls are subject to periodic review to ensure that they are being operated effectively and that they are suitable to manage any significant business risks faced by the Group. Staff can raise concerns regarding any impropriety over financial reporting or other matters through a "whistle blowing" policy which is referred to in the Corporate social responsibility report on page 29

The risk management processes and internal controls are continuously reviewed for effectiveness and assessed by the Board, as part of their Executive responsibilities. The Board considers all significant aspects of internal control, including financial, operational and compliance controls, as well as the risk management process adopted by the Group, and believes this will provide the ability to promptly identify and appropriately respond to areas of material concern. Any weaknesses identified as a result of these considerations are acted upon and remedied. The Board also takes into consideration any matters raised by the Audit Committee. The Audit Committee has reviewed both the effectiveness and level of resources available within the Group and believes that it is appropriate for the size and nature of the risks facing the Group

### Auditor independence

Deloitte & Touche LLP have reported to the Audit Committee that, in their professional judgment, they are independent and that the objectivity of the audit partner and audit staff is not impaired. The Audit Committee have reviewed this report and agrees with its conclusion and is satisfied that Deloitte & Touche LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The Audit Committee are aware that providing audit and non-audit advice could lead to a potential conflict of interest. In order to ensure the continued independence and objectivity of the external auditors there are established policies regarding the provision of non-audit services

### Relations with shareholders

The Group is committed to maintaining an active dialogue with shareholders in order to build a mutual understanding of its objectives. The Board invites institutional shareholders and analysts to briefings after the announcement of the Company's Interim and Annual results. There is also regular dialogue with individual institutional investors, fund managers and analysts

The Board encourages communication with private shareholders through publication of the Interim and Annual results. In addition, the Board issues trading updates at the time of the Annual General Meeting and after Christmas together with an Interim management statement during every half year. The Annual General Meeting is used as an opportunity to gather the views of shareholders and to answer the questions of both private and institutional investors on all issues relevant to the Group

The Group's website, [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk), also includes an area dedicated to corporate information, including Annual and Interim reports, press releases, share price histories, Group news and certain Group policy documents

## **Corporate governance report (continued)**

**For the 52 weeks to 27 January 2008**

### **Health and safety**

Operating in a safe manner, with due consideration to the health, safety and welfare of all employees and others who may be affected by the Group's work activities, is vital to the success of the business and is something to which the Group is fully committed

Overall responsibility for health and safety strategy rests with the Board of Directors. Barry Dunn, the Group's Property Director has overall control of health and safety

JJB is now able to provide health and safety training at all levels via its Training academy utilising outside specialists whenever the need dictates. All training is supported by videos, intranet and hard copies. Two members of the JJB health and safety team have recently completed the National Examination Board in Occupational Safety and Health (NEBOSH), confirming JJB's commitment to health and safety.

Distribution centre managers have undertaken 'Managing Safety' courses organised by the Institute of Occupational Safety and Health, in order to ensure the competence of those managers in contributing to the overall safety of the Distribution centre environment.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual report, Directors' remuneration report and the Financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the group financial statements under IFRSs (IFRSs) as adopted by the European Union and have also elected to prepare the Parent Company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Directors' responsibility statement**

We confirm to the best of our knowledge

- 1 The Financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group,
- 2 The Business review, which is contained within this Annual report, includes a fair review of the development and performance of the business and the position of the Company and the Group and a description of the principal risks and uncertainties they face is given in the Directors' report section of this Annual report.



**Corporate governance report** (continued)

**For the 52 weeks to 27 January 2008**

**Going concern**

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's accounts.

By order of the Board

**C Ronnie**

Chief Executive  
23 May 2008



**D P Madeley**

Finance Director  
23 May 2008



## **Corporate social responsibility report**

**For the 52 weeks to 27 January 2008**

JJB recognises that it has a duty to ensure that its business is conducted in a socially responsible manner resulting in high standards of both social and environmental behaviour. Through its employees, the Group aims to comply with all applicable laws in order to meet, and where possible exceed, best practice conditions in both the national and global markets within which it operates.

Corporate responsibility is monitored on an ongoing basis via the Corporate Social Responsibility (CSR) Committee. The CSR Committee is comprised of a number of senior executives and is tasked with ensuring that the range of controls which JJB has in place to manage CSR risks are operating effectively and that responses to changes in current legislation are implemented in a timely manner.

All of JJB's endeavours and initiatives across the corporate responsibility spectrum are focused towards the provision of ethically produced, quality value for money products, through a safe and satisfied workforce in a way that benefits the communities within which the Group operates.

### **Commitment**

JJB is committed to minimising any negative social impacts and wishes to be recognised as a leading corporate citizen within all areas of its operation. JJB continues to be selected for inclusion in the FTSE4Good Index, launched in July 2001, which is designed to measure the performance of companies that meet globally recognised corporate social responsibility standards and to facilitate investment in those companies. The FTSE4Good Index is used as a basis for the creation of socially responsible investment products.

Inclusion within the FTSE4Good Index, allows JJB to compare and assess how it integrates responsible business practices through its organisation with those of its peers, identifying opportunities for improvement, and to also provide further demonstration to current and potential shareholders that JJB is compliant with best practice.

### **Guiding principles of corporate social responsibility**

JJB is fully committed to ensuring its business is conducted in a socially responsible manner and has developed a set of broad corporate responsibility principles which it follows and which will guide its future progress. These principles relate to community relations, environmental issues and ethical labour standards.

### **Community relations**

JJB values the relationships with both its customers and the wider communities within which it operates and will behave as a good fellow citizen in all areas of activity.

The Group provides a valuable service to the communities in which it operates by supplying a wide range of competitively priced sports clothing, footwear and accessories through its retail stores to enable the general public to take part in healthy, sporting activities and through its fitness clubs, by supplying a valuable facility in which the general public can take part in a wide range of those healthy activities. Government advisers are constantly referring to the importance of people of all ages taking part in some form of physical activity and JJB believes that it is a major national provider of both the means and the facilities which help the general public to maintain a healthy lifestyle.

By the employment and training of its staff, JJB is allowing the redistribution of wealth back into the community. The Group is fully committed to ensuring that both the products and services it offers are delivered by way of focus upon the family and always with value for money in mind. As a further demonstration of the commitment to the community, prior to the sale of most of its indoor soccer centres in February 2008, almost all of those centres were available free of charge to local schools and socially challenged groups during the daytime.

JJB is continuing to support local sporting teams and has become the official sponsor of the North West Counties Squash League. JJB have arranged a two year sponsorship of the League which will not only benefit the League but also their junior squash team, the Cheshire Ladies League and the Lancashire Ladies League.

The Board recognises the need to extend the Group's 'people first' philosophy beyond its business and deliver something tangible back into the community. Its community programme provides support to nominated local and national charities and good causes including Macmillan Cancer Relief, Breakthrough Breast Cancer, the British Heart Foundation and the Variety Club Children's Charity. The Group also offers support to its employees who participate in chosen charity projects.

## **Corporate social responsibility report (continued)**

**For the 52 weeks to 27 January 2008**

### **Community relations (continued)**

#### **Macmillan Cancer Relief**

Macmillan Cancer Relief is dedicated to helping people living with cancer. They are working towards the day when everybody has equal and ready access to the best possible treatment and when care and unnecessary levels of fear are set aside. In the UK, over a million people are living with cancer and 4 in 10 people will be diagnosed with cancer during their lifetime. These figures are forecast to increase, and so will the demand for Macmillan's services.

JJB are pleased to continue to be associated with Macmillan Cancer Relief. JJB has been involved in the sale of football badges to customers and staff, through its network of retail stores and Head office facilities, the proceeds of which are passed to Macmillan Cancer Relief. JJB has raised approximately £22,500 during the 52 weeks to 27 January 2008. This brings the total raised through JJB since the campaign began in 1999, to over £1.2 million.

In addition to the sale of football badges, JJB is continuing to support Macmillan through the donation of 20 per cent of the retail price of an exclusive leisure range which is sold through the retail chain store. This campaign raised approximately £25,500 during the 52 weeks ended 27 January 2008. The money raised has helped fund Macmillan's increasing range of services, including the Macmillan nurses and doctors, new cancer care centres, the publication of a range of cancer information documents which are distributed through its information and support centres, together with direct financial help for those who need it most.

#### **Breakthrough Breast Cancer**

JJB raised £14,000 during Breast Cancer Awareness Month in October 2007, through fundraising and sales of the exclusive adidas pink ribbon range in its retail store chain. JJB is helping Breakthrough Breast Cancer to move one step closer to their vision of a future free from the fear of breast cancer.

#### **The British Heart Foundation**

The management of JJB's fitness clubs have nominated the British Heart Foundation (BHF) as its nominated charity partner. The aim of the Foundation is to play a leading role in the fight against disease of heart and circulatory systems so that these areas are no longer a major cause of disability and premature death.

JJB is aiming to raise funds for pioneering research and to provide defibrillators in local communities, through a variety of fundraising initiatives. During the 52 weeks to 27 January 2008, £20,000 has been raised through the sale of BHF locker tokens within JJB's fitness clubs.

#### **Variety Club Children's Charity**

The Variety Club Children's Charity provides a wide range of support to sick, disabled and disadvantaged children. The money raised by the charity helps to build paediatric units, donate Sunshine Coaches to special schools and to take groups of children on fun packed days out. The Charity aims to make a real difference to children's lives.

Sunshine Coaches is a charity that provides children with the opportunity to get out and about in order to enjoy local facilities and discover the world at large through excursions and educational visits. These coaches are specially adapted for children with special needs and are donated to organisations which strive to improve the quality of life for young people, something with which JJB is proud to be associated.

Management and staff from JJB's Golf department, led by the Associate Director of Equipment, Martin Wild, have for several years organised an annual charity golf tournament and the monies raised from the 2007 event totalled £60,000 being sufficient to purchase 4 Sunshine Coaches to add to the 31 coaches already purchased from the proceeds of earlier years tournaments.

## **Corporate social responsibility report (continued)**

**For the 52 weeks to 27 January 2008**

### **Environmental issues**

In striving to achieve business objectives, JJB must also act responsibly in relation to the impact of its activities on the local community and on the environment at large and JJB has accordingly incorporated an environmental management system within its overall risk management framework. JJB recognises its responsibility to minimise environmental impacts and through the effective management of agreed action plans, expects to achieve this whilst delivering improved business performance. JJB will continue to be involved with FTSE4Good Index as described on page 26 of this Corporate social responsibility report, further demonstrating its continuing commitment to be at the leading edge of current environmental issues. The overall approach to environmental issues is incorporated within the core business management processes, and is encapsulated within the following core principles:

- The reduction of adverse environmental impacts arising from the Group's activities and operations,
- Ensuring effective and efficient use of materials and energy,
- Maintain a waste management system strategy which minimises waste arising and maximises waste recovery whilst ensuring, wherever possible, responsible disposal methods,
- Ensure compliance with relevant environmental laws, statutory obligations and codes of best practice, and
- Incorporate the principle of sustainable development through a systematic approach to environmental management in order to achieve continual improvement

### **Environmental actions**

The Board of JJB in association with The Carbon Trust are committed to a Carbon Management Programme. Energy surveys of key sites have been completed and energy savings in both the use of energy and a consequent reduction in costs have been identified which can be achieved through improved energy management. This work will aim to reduce the Group's "carbon footprint" and point the way towards achieving a "carbon neutral" position.

An important part of the Board's policy is to wherever possible source energy efficient plant for its new retail stores and fitness clubs which has the added advantage of the Group being able to claim enhanced capital allowances on this expenditure.

### **Recycling**

Wherever possible, cardboard (the major packaging constituent in the business) and plastic are baled and passed to a recycling business for reprocessing. During the 52 weeks to 27 January 2008, JJB increased its recycling of plastic to 288 tonnes (2007: 30 tonnes) whilst the recycling of cardboard fell to 3,781 tonnes (2007: 4,017 tonnes). This reduction in cardboard recycling is a reflection of the reduced usage of packaging by JJB Sports and the use of recycled tubs to transfer stock to stores.

Since January 2008, JJB has introduced new measures for the recycling of all head office paper. During the 52 weeks to 27 January 2008, JJB recycled 2.8 tonnes of paper which would otherwise have been sent to landfill. JJB Sports is committed to reducing its landfill waste.

### **Ethical labour standards**

As a responsible corporate citizen, JJB seeks to provide its customers with high quality value for money products, sourced from suppliers and manufacturers who can clearly demonstrate compliance with JJB's own codes of practice as well as internationally accepted standards.

JJB's Code of Business Ethics, the Supplier Code of Practice and the Factory Code of Conduct, which are set out on the website [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk), have been accepted by JJB's principal suppliers and source manufacturers. The Codes are based upon the internationally accepted principles of the Ethical Trading Initiative Base Code of Labour Standards and the Model Code of Conduct devised by the World Federation of the Sporting Goods Industry.

JJB cares about the labour standards within its global supply chain and expects its suppliers to demonstrate similar concerns. In order to obtain assurance that the factories used by JJB's suppliers and source manufacturers comply with the Factory Code of Conduct and so promote sustained improvement in factory working conditions, a factory inspection methodology has been introduced.

## Corporate social responsibility report (continued)

For the 52 weeks to 27 January 2008

### Ethical labour standards (continued)

As regards products directly sourced by JJB, the Group conducts risk assessments of the foreign manufacturing units by means of audit questionnaires which are completed detailing all aspects of compliance and non-compliance. These assessments are carried out by JJB's own staff who, whilst based in Wigan, regularly go to the manufacturing units. The manufacturing unit management and employees are interviewed and an inspection is carried out of all factory premises and documentation, such as time cards. After each audit, the information obtained is collated, highlighting areas for improvements to be made. These improvements are then fed back to the owners of the manufacturing units for implementation. JJB later carries out follow-up inspections in order to ensure the Factory Code of Conduct is being adhered to.

The majority of JJB's products are purchased from the UK subsidiaries of major international suppliers and because almost all these suppliers source their products in the far East. Regular meetings are held with those suppliers in order to ensure that they have comprehensive procedures in place to check compliance of their manufacturing units with good practices regarding supply chain labour standards, the Group tries to ensure that its suppliers' good practices are similar to those that it insists upon in the manufacturing units that are directly used.

### Workplace

JJB applies the same level of commitment towards CSR within all its work places including its stores, fitness clubs, Head office, Distribution centre and other facilities, thereby ensuring a safe, challenging and rewarding work environment.

The Board recognises its responsibility for the maintenance of a safe and healthy workplace and work environment for employees and others (customers, contractors, visitors and the general public) who may be affected by its work or undertakings. The Company policy as described in the Retail Operations manual referred to below, states that all employees have a duty to act responsibly and take reasonable care for the health and safety at work of themselves, their colleagues and customers. Further responsibilities are placed upon senior management and the Property Director is tasked with keeping the Board advised on occupational health and safety matters.

JJB is fully committed to the core principle of Equal Opportunity within the workplace and adheres to high standards of employment practice. The Group has detailed employment policies which are applied in a fair manner so as to reward people fairly and provide appropriate levels of personal development and training within a safe and healthy workplace.

The Group's policies are designed to value the human rights of all employees, whether directly employed, sub-contracted or employed within the supply chain.

JJB is dedicated to the highest standards of openness, probity and accountability. In line with that commitment, the Group encourages employees and others with serious concerns about any aspect of the Group's work to come forward and voice those concerns without fear of reprisals. Normally any concern about a workplace situation would be raised with the employee's immediate line manager or Head of Department. However, it is recognised that this may be difficult in the event of an issue being serious or of a sensitive nature, especially where the Group has so many places of work. To facilitate this contact, JJB has introduced a 'whistle blowing' policy which encourages employees to report undesirable practices through either a nominated senior member of staff or through its confidential and anonymous telephone line.

JJB operates a Customer service department which deals with all enquiries or complaints made by customers and potential customers via telephone, email and the postal system. This service is currently in operation on weekdays during office hours but it is intended to expand the department to increase its operations to cover all retail store opening hours.

In order to maintain the consistent application of its policies and procedures throughout its retail store chain, JJB has distributed throughout the chain, a Retail Operations Manual which contains in addition to its store work procedures, comprehensive guidance on its Code of Business ethics, its Health and Safety at work policies and its standards of Equal Opportunities. JJB is currently installing a new store based management information system which will include the facility to display all the matters set out in the Retail Operations Manual on back office computer screens, thereby giving all stores staff instant access to this information.

## **Directors' remuneration report**

**For the 52 weeks to 27 January 2008**

This Report has been prepared in accordance with Schedule 7A to the Companies Act 1985. The Report also meets the requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles relating to Directors' remuneration in the Combined Code. As required by the Act, a resolution to approve the Report will be proposed at the forthcoming Annual General Meeting (AGM) of the Company at which the Annual report and Financial statements will be approved.

The Act requires the auditors to report on the audited information within the Directors' remuneration report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Companies Act 1985. The Report has therefore been divided into separate sections for audited and unaudited information.

### **Unaudited information**

#### **Constitution of the Committee**

The Remuneration Committee is chaired by Roger Lane-Smith and currently also consists of Alan Benzie, David Beever and David Jones. Andrew Thomas and Roger Best also sat on the Committee until the dates of their resignation. Roger Lane-Smith does not participate in the determination of his own remuneration package.

#### **Remuneration of Executive Directors**

The remuneration of Executive Directors is determined by the Remuneration Committee.

The remuneration policy aims to ensure that the Executive Directors are fairly rewarded for their individual contributions to the Group's performance and that their remuneration packages are competitive with regards to those of comparable public companies and, through a performance related bonus and the award of share options, incentivise the Director concerned to improve the performance of the Group. The elements of remuneration are a basic salary, performance related bonus, share options, certain taxable benefits and contributions made into Directors' personal pension schemes.

This remuneration policy will be continued during the current accounting period.

#### **Basic salary**

The basic salaries of Executive Directors are set by the Remuneration Committee who take into consideration the levels of salaries of Directors in similar sized public companies within the FTSE 350 Index together with the current rate of inflation; these levels are then tailored to individual experience, responsibility and performance.

The basic salaries of the Executive Directors were reviewed in January 2008 and increases were awarded to Chris Ronnie and Barry Dunn and backdated to 1 August 2007.

#### **Performance related bonus**

The general principles on which the annual performance related bonus are based and which have operated for a number of years, is that a bonus scheme is set at the beginning of a new accounting period which will be payable if challenging profit performance targets are met. A related amount is deferred for a number of years and is only payable then if the Director remains employed by the Group until that time. The bonus scheme applies to both Executive Directors and to Associate Directors.

The performance related bonus which has been approved by the Remuneration committee for the 52 weeks to 25 January 2009 is based upon a challenging target of Group net profit before tax and exceptional operating items, set at a level in excess of the actual net profits before tax and exceptional operating items achieved in the 52 weeks to 27 January 2008. A bonus of 100 per cent of the Directors' basic pay will be payable, but only if the target net profit is achieved.

#### **52 weeks to 27 January 2008**

The performance related bonus scheme which was in operation for the accounting period of 52 weeks to 27 January 2008 was in the form of an annual payment, calculated as a percentage of the Directors' basic salary (from nil per cent to 80 per cent of salary) based upon the targeted pre-tax profits of the Group for that accounting period (from £45 million to £55 million). A further bonus, calculated as a percentage of the Directors' basic salary (from nil per cent to 40 per cent of salary), and again based upon the pre-tax profits for that accounting period (from £45 million to £55 million) would be payable in March 2010, if the Director was still in the Company's employment at that date. The minimum target of pre-tax profits was not met and therefore no performance related bonus was payable in respect of this accounting period.

## **Directors' remuneration report (continued)**

**For the 52 weeks to 27 January 2008**

### **Performance related bonus (continued)**

#### **52 weeks to 28 January 2007**

A similar performance related bonus scheme to the one above was offered in respect of the accounting period of 52 weeks to 28 January 2007. This bonus scheme was calculated as a percentage of the Directors' basic salary (from nil per cent to 40 per cent), based upon the targeted pre-tax profits of the Group for that accounting period (from £33 million to £42 million) with an equivalent bonus being payable in April 2009 if the Director was still in the Company's employment at that date.

The pre-tax profits that were achieved in this accounting period resulted in the maximum bonus becoming payable, amounting to £383,000.

During the 52 weeks to 28 January 2007, a bonus earned but deferred from the accounting period of 52 weeks to 25 January 2004 of £220,000 (2006: nil) was also paid to the Executive Directors.

### **Share option schemes**

Grants of share options to Executive Directors and senior executives are made only at the discretion of the Remuneration Committee. Options are not routinely granted but made on an individual basis to incentivise the participants to the Scheme to improve the performance of the Group.

For a number of years, JJB had operated two Share option schemes that were created in 1999. However in 2006, the Remuneration Committee reviewed the share based incentive arrangements then in operation and concluded that in order to ensure that there is a sufficient range of share based incentives available to the Committee, shareholder approval should be sought at the 2006 AGM for the adoption of two new share plans. These two share plans were duly approved at the 2006 AGM and comprise a Long term incentive plan from which awards have only been made to Executive Directors and an Unapproved share option scheme. Awards under the 2006 Unapproved share option scheme were initially only made to senior executives but during 2007 and 2008, awards have also been made under this scheme to Executive Directors.

Details of share plans which have been awarded to the Executive Directors, being the 1999 Share option schemes, the 2006 Long term incentive plan and the 2006 Unapproved share option scheme are set out below. Executive Directors are entitled to join the 2007 Sharesave plan. Directors' beneficial interests in all these share schemes are set out in the table on page 35 of this Report.

#### **1999 Share option schemes**

The maximum value of options granted to any employee under the 1999 Approved Share option scheme was restricted to £30,000. In addition, options could be granted under the 1999 Unapproved Share option scheme, the maximum number being calculated by a formula which restricted the value of the options granted to any employee to four times their basic salary, less the value of any options granted under the 1999 Approved Share option scheme.

The exercise of these share options was subject to performance conditions requiring various growths in earnings per ordinary share of the Group, over three consecutive financial periods. In respect of the share options granted to David Greenwood, which he exercised during the 52 weeks to 27 January 2008, the performance condition attached to the options, for the options to be fully exercisable, was a target growth in Group earnings per ordinary share of more than 10 per cent per annum plus the percentage increase in the Retail Price Index.

For more recently issued share options under these schemes, the performance condition was a target growth in Group earnings per ordinary share of more than 4 per cent per annum plus the percentage increase in the Retail Price index over three consecutive financial periods. For the options to be exercisable in relation to half the shares comprised in any option, the increase in earnings per ordinary share was to be half the target growth.

## **Directors' remuneration report (continued)**

**For the 52 weeks to 27 January 2008**

### **Share option schemes (continued)**

#### **Long term incentive plan**

Awards made under the Long term incentive plan ("LTIP") are made over a specified number of shares. The shares are acquired by the award holder at the beginning of the measurement period but the ownership of the shares are held in Trust and will remain conditional until after the end of the measurement period. For the awards to become unconditional, certain performance conditions must be satisfied and then a participant will obtain absolute ownership of the shares.

The Remuneration Committee proposed that the performance conditions to which any award was to be made under the LTIP in 2006 would be split into 2 equal parts and each part would be subject to different performance measures. One part was based upon achieving a target earnings per share during the 52 weeks to 25 January 2009, of 16.68 pence per ordinary share. The second part was based upon a total shareholder return performance measured against comparator companies over a three year period commencing on the date of the award of the LTIP. The comparator companies are as follows:

Marks & Spencer	GUS	Next
Matalan	Halfords	N Brown Group
Topps Tiles	Woolworths	Blacks Leisure
Ted Baker	French Connection	John David Group

Different performance conditions may be selected by the Remuneration Committee for future awards made under the LTIP, but if the performance conditions for future awards are changed, shareholders will be informed through the Directors' remuneration report in future Annual reports.

#### **2006 Unapproved share option scheme**

Options under the 2006 Unapproved share option scheme were awarded to Chris Ronnie in November 2007. The number of ordinary shares over which the award was granted was based upon three times the current salary of Chris Ronnie and the market price of the ordinary shares at the time of grant. The exercise of these options is subject to a performance target requiring growth in Group profits of more than 4 per cent per annum plus the percentage increase in the Retail Price Index over 3 years from the base year which is the accounting period of 52 weeks to 28 January 2007, these options can be exercised between November 2010 and November 2017.

#### **2007 Sharesave plan**

Executive Directors can also participate in the new 2007 Sharesave plan which is open to all employees of the Group with over 12 months service. This Plan is an Inland Revenue approved Save As You Earn ("SAYE") savings contract. Inland Revenue rules limit the maximum amount saved under the savings contract to £250 per month. The options were offered at a fixed set price calculated at the start of the 3 or 5 years term of the SAYE savings contract by applying a discount of 20 per cent to the market price of JJB's ordinary shares in September 2007. The options under the Sharesave plan may normally be exercised during the period of 6 months after completion of the 3 or 5 year term of the SAYE savings contract. There are no performance conditions attached to these options.

#### **Taxable benefits**

Executive Directors are eligible for taxable benefits, which include membership of a private medical scheme and the provision of a company car with payment of its operating expenses, including private mileage, or the payment of a monthly lump sum towards the costs incurred on business travel in their own car.

#### **Pensions**

The Executive Directors make contributions to their own personal pension schemes and the Company contributes a similar amount into those schemes, limited to 10 per cent of their basic salary.



## **Directors' remuneration report (continued)**

**For the 52 weeks to 27 January 2008**

### **Contracts of service**

The service contracts of all the Executive Directors have no fixed term. The service contracts of all the Executive Directors are terminable on 6 months' notice by either party but those of David Greenwood and Barry Dunn also contain a change of control clause which provides for 12 months' notice in the event of a change of control of the Group. On 22 January 2008, the Directors' remuneration committee approved a change in the notice period for all Executive Directors, from 6 months' notice by either party to 12 months notice by either party.

The service contract of David Greenwood was dated 10 November 1994, Barry Dunn's was dated 7 June 1996, Chris Ronnie's was dated 11 June 2007 and David Madeley's was dated 3 December 2007.

### **Remuneration and contracts of service of Non-executive Directors**

The remuneration of the Non-executive Directors is in the form of Directors fees and is determined by the Board after consultation with the Executive Directors and after taking into account the performance of the Non-executive Directors and the levels of remuneration paid by comparable public companies. The levels of fees payable to Non-executive Directors were reviewed in April 2007 with the increase being backdated to 1 February 2007. In January 2008, the fees of the Non-executive Directors have again been reviewed and the increases applied from 1 February 2008.

The Non-executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any bonus, incentive or share option schemes.

Non-executive Directors have 3 year service contracts with the Company, terminable on 3 months' notice by either party.

The letter of appointment of Roger Lane-Smith was dated 13 January 1999, David Beever's was dated 26 May 2000, that of Alan Benzie was dated 16 August 2007 and that of David Jones was dated 30 September 2007.

### **Performance graph of Total Shareholder Return**

The graph below shows the Group's Total Shareholder Return (TSR) compared to the FTSE General Retail Index over the last 5 years (rebased to 31 January 2003). TSR is defined as the share price growth plus reinvested dividends. The index chosen for the comparison demonstrates the Group's TSR in comparison to the average for companies operating in the same sector.

## Directors' remuneration report (continued)

For the 52 weeks to 27 January 2008

### Audited information

#### Directors' detailed emoluments

Details of individual Directors' remuneration for the accounting period were as follows

	Fees as Directors £'000	Basic salary £'000	Performance related bonus £'000	Taxable benefits £'000	Pension contributions £'000	Compensation for loss of office £'000	2008 Total £'000	2007 Total £'000
<b>Executive Directors</b>								
C Ronnie (appointed 8 June 2007)	-	250	-	18	25	-	293	-
J D Greenwood	-	265	-	27	26	-	318	439
B J K Dunn	-	242	-	26	14	-	282	365
D P Madeley (appointed 26 November 2007)	-	49	-	1	5	-	55	-
T W Knight (resigned 3 August 2007)	-	171	-	7	17	829	1,024	550
D Whelan (resigned 8 June 2007)	-	98	-	10	-	-	108	402
<b>Non-executive Directors</b>								
R Lane-Smith	125	-	-	-	-	-	125	100
D M M Beaver	35	-	-	-	-	-	35	30
A G Thomas (resigned 1 January 2008)	52	-	-	-	-	-	52	30
R C Best (resigned 3 August 2007)	18	-	-	-	-	-	18	30
A A E Benzie (appointed 3 August 2007)	18	-	-	-	-	-	18	-
D C Jones (appointed 1 October 2007)	46	-	-	-	-	-	46	-
<b>Total</b>	<b>294</b>	<b>1,075</b>	<b>-</b>	<b>89</b>	<b>87</b>	<b>829</b>	<b>2,374</b>	<b>1,946</b>
2007 total	190	1,000	603	89	64	-		

Included in the above is £34,000 (2007 nil) paid to a third party company in respect of consultancy fees for David Jones and £19,500 (2007 nil) paid to another third party company in respect of consultancy fees for Andrew Thomas

**Directors' remuneration report (continued)**

For the 52 weeks to 27 January 2008

**Share options**

Directors' beneficial interests in share options at the beginning and the end of the accounting period, were as follows

		Number of 5p Ordinary Shares			Share options at 27 January 2008	Exercise price per share (pence)	Date from which exercisable	Exercise expiry date
Scheme	Share options at 28 January 2007	Exercised during accounting period	Granted during accounting period					
C Ronnie	2006 Unapproved	–	–	656,019	656,019	154 34	13 11 10	12 11 17
	Total	–	–	656,019	656,019			
J D Greenwood	1999 Approved	15 800	(15,800)	–	–	189 84	–	–
	1999 Unapproved	330,000	(330,000)	–	–	189 84	–	–
	1999 Unapproved	175,000	–	–	175,000	253 00	26 05 07	25 05 14
	2006 LTIP scheme	423,928	–	–	423,928	0 00	03 08 09	04 07 11
	2007 Sharesave plan	–	–	5,680	5,680	169 00	01 11 10	01 05 11
	Total	944,728	(345,800)	5,680	604,608			
B J K Dunn	1999 Unapproved	125,000	–	–	125,000	253 00	26 05 07	25 05 14
	2006 LTIP scheme	347,621	–	–	347,621	0 00	03 08 09	04 07 11
	2007 Sharesave plan	–	–	2,272	2,272	169 00	01 11 10	01 05 11
	Total	472,621	–	2,272	474,893			
<b>Total</b>		1,417,349	(345,800)	663,971	1,735,520			

On 17 May 2007, David Greenwood exercised his options on 15,800 ordinary shares under the 1999 Approved scheme and 330,000 ordinary shares under the 1999 Unapproved scheme at an exercise price of 282 63 pence realising a gain before tax of £334,400

The exercise of options under both 1999 share option schemes and under the 2006 Unapproved scheme are subject to performance conditions that require various growths in earnings per ordinary share as explained on pages 31 to 32 of this Directors' remuneration report. The exercise of shares under the LTIP scheme is subject to performance conditions relating partly to earnings per share and partly to total shareholder return, as set out on page 32 of this Directors' remuneration report.

The market price of 5 pence ordinary shares on Friday 25 January 2008 was 112 50 pence and the range during the accounting period was 92 50 pence to 302 25 pence.

Subsequent to the end of the accounting period, on 13 May 2008, options over 350,000 ordinary shares were granted to David Madeley under the 2006 Unapproved scheme, with an exercise price of 114 75 pence per share.

**R Lane-Smith**

Chairman of the Remuneration Committee

23 May 2008

## Independent auditors' report to the members of JJB Sports plc

For the 52 weeks to 27 January 2008

We have audited the Group and Parent Company financial statements of JJB Sports plc for the 52 weeks to 27 January 2008 which comprise the Consolidated income statement, the Consolidated statement of recognised income and expense, the Consolidated reconciliation of movements in equity, the Consolidated and Parent Company Balance sheets, the Consolidated and Parent Company Cash flow statements, the Statement of accounting policies and the related Notes 1 to 42. These Financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members as a body in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual report, the Directors' remuneration report and the Financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' responsibilities on page 24.

Our responsibility is to audit the Financial statements and the part of the Directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial statements give a true and fair view and whether the Financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Consolidated financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the Financial statements. The information given in the Directors' report includes that specific information presented in the Business review that is cross referred from the Enhanced business review section of the Directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate governance report reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual report as described in the Contents section and consider whether it is consistent with the audited Financial statements. The other information comprises only the Directors' report, the unaudited part of the Directors' remuneration report, the Chairman's statement, the Business review and the Corporate governance report. We consider the implications for our Report if we become aware of any apparent misstatements or material inconsistencies with the Financial statements. Our responsibilities do not extend to any further information outside the Annual report.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial statements and the part of the Directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial statements and of whether the accounting policies are appropriate to the Group's and Parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial statements and the part of the Directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial statements and the part of the Directors' remuneration report to be audited.

### Opinion

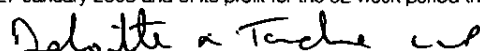
In our opinion:

- the Consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 27 January 2008 and of its profit for the 52 weeks then ended,
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 27 January 2008,
- the Financial statements and the part of the Directors' remuneration report required to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Consolidated financial statements, Article 4 of the IAS Regulation, and
- the information given in the Directors' report is consistent with the Financial statements.

### Separate opinion in relation to IFRSs

As explained in the Statement of accounting policies in the Consolidated financial statements, the Group, in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion, the Consolidated financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 27 January 2008 and of its profit for the 52 week period then ended.

  
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
Manchester, United Kingdom

23 May 2008

**Consolidated income statement**

For the 52 weeks to 27 January 2008

			52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
<b>Continuing operations</b>				
<b>Revenue</b>	3		<b>811,754</b>	810,287
Cost of sales			(405,642)	(425,314)
<b>Gross profit</b>			<b>406,112</b>	384,973
Other operating income	3		3,314	5,163
Distribution expenses			(28,619)	(23,844)
Administration expenses			(35,413)	(33,439)
Selling expenses			(334,099)	(293,832)
<b>Operating profit</b>			<b>11,295</b>	39,021
<b>Operating profit is stated after (charging) crediting</b>				
Provision for restructuring of retail store chain	5		(24,970)	-
Increase in provisions relating to legal penalty and interest thereon			-	(4,063)
Charges relating to the closure of the Icon stores	5		-	(3,343)
Net gain (loss) on disposal of property, plant and equipment	5		1,996	(1,317)
			(22,974)	(8,723)
Investment income	7		11,551	9,437
Finance costs	8		(12,442)	(9,965)
Share of results of associated undertaking	17		396	-
<b>Profit before taxation</b>	5		<b>10,800</b>	38,493
Taxation	9		(1,170)	(12,668)
<b>Profit after taxation for the period attributable to equity holders of the parent</b>	34		<b>9,630</b>	25,825
<b>Basic earnings per ordinary share</b>	Pence	12	<b>4 07</b>	11 07
<b>Diluted earnings per ordinary share</b>	Pence	12	<b>4 07</b>	11 07
<b>Adjusted basic earnings per ordinary share</b>	Pence	12	<b>10 89</b>	14 21

## Consolidated statement of recognised income and expense

For the 52 weeks to 27 January 2008

	52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
Gain on revaluation of available-for-sale investment taken to equity	1,555	–
Taxation effect on item taken directly to equity	(435)	–
Exchange differences on translation of foreign operations	(1,398)	163
<b>Net (expense) income recognised directly in equity</b>	<b>(278)</b>	<b>163</b>
<b>Profit after taxation for the period</b>	<b>9,630</b>	<b>25,825</b>
<b>Recognised income and expense for the period</b>	<b>9,352</b>	<b>25,988</b>

## Consolidated reconciliation of movements in equity

For the 52 weeks to 27 January 2008

	52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
Opening total equity	377,026	364,593
Recognised income and expense for the period	9,352	25,988
Share issues	1,899	3,359
Share based payment reserve	383	297
Investment in own shares	–	(3,083)
Dividends approved	(23,672)	(23,238)
Scrp dividends re-invested	67	9,110
<b>Closing total equity</b>	<b>365,055</b>	<b>377,026</b>

**Consolidated balance sheet**

As at 27 January 2008

		As at 27 January 2008	As at 28 January 2007 Restated (see notes 22 and 24)
	Note	£'000	£'000
<b>Non-current assets</b>			
Goodwill	13	187,834	188,459
Other intangible assets	14	25,417	27,397
Property, plant and equipment	15	198,272	198,980
Investment in associated undertaking	17	1,677	–
Loan to associated undertaking	17	4,000	–
		<b>417,200</b>	<b>414,836</b>
<b>Current assets</b>			
Inventories	18	114,984	128,082
Trade and other receivables	19	45,412	38,205
Current asset investments	20	196,217	168,117
Cash and cash equivalents	21	14,199	23,566
Current tax receivable		1,536	–
		<b>372,348</b>	<b>357,970</b>
<b>Total assets</b>		<b>789,548</b>	<b>772,806</b>
<b>Current liabilities</b>			
Trade and other payables	22	(110,874)	(113,509)
Current tax liability		–	(6,022)
Loan notes	23	(168,117)	(168,117)
Provisions	24	(22,656)	(12,380)
		<b>(301,647)</b>	<b>(300,028)</b>
<b>Net current assets</b>		<b>70,701</b>	<b>57,942</b>
<b>Non-current liabilities</b>			
Bank loans	23	(56,355)	(32,812)
Deferred tax liabilities	25	(24,237)	(23,416)
Deferred lease incentives	26	(39,950)	(38,627)
Provisions	24	(2,304)	(897)
		<b>(122,846)</b>	<b>(95,752)</b>
<b>Total liabilities</b>		<b>(424,493)</b>	<b>(395,780)</b>
<b>Net assets</b>		<b>365,055</b>	<b>377,026</b>
<b>Equity</b>			
Share capital	27	11,944	11,892
Share premium account	29	171,248	169,334
Capital redemption reserve	30	1,069	1,069
Investment in own shares	31	(3,083)	(3,083)
Share based payment reserve	32	680	297
Foreign currency translation reserve	33	(1,211)	187
Retained earnings	34	184,408	197,330
<b>Equity attributable to equity holders of the parent</b>		<b>365,055</b>	<b>377,026</b>

The Financial statements were approved by the Board of Directors and authorised for issue on 23 May 2008. They were signed on its behalf by

R Lane-Smith Chairman

D P. Madeley Director

## Consolidated cash flow statement

For the 52 weeks to 27 January 2008

	Note	52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
<b>Net cash from operating activities</b>	35	<b>46,349</b>	<b>80,339</b>
<b>Investing activities</b>			
Interest received		11,263	9,437
Dividend received from available-for-sale investment		288	–
Purchase of subsidiary		(31)	(1,228)
Cash and cash equivalents of subsidiary acquired		–	231
Net proceeds on disposal of property, plant and equipment		5,146	1,956
Net proceeds on disposal of intangible assets		153	–
Purchase of goodwill		(339)	–
Purchase of intangible assets	14	(182)	(18,488)
Purchase of property, plant and equipment	15	(27,277)	(33,124)
Investment in associated undertaking	17	(1,281)	–
Purchase of available-for-sale investment	20	(26,545)	–
<b>Net cash used in investing activities</b>		<b>(38,805)</b>	<b>(41,216)</b>
<b>Financing activities</b>			
Interest paid		(12,399)	(9,930)
Dividends paid		(23,605)	(14,128)
Investment in own shares		–	(3,083)
Proceeds from issues of share capital		1,899	3,359
Net proceeds from bank loans		23,500	17,892
Repayment of bank loan		–	(45,000)
Loan to associated undertaking	17	(4,000)	–
<b>Net cash used in financing activities</b>		<b>(14,605)</b>	<b>(50,890)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,061)</b>	<b>(11,767)</b>
Cash and cash equivalents at beginning of period		23,566	34,860
Effect of foreign exchange rate changes		(2,306)	473
<b>Cash and cash equivalents at end of period</b>	21	<b>14,199</b>	<b>23,566</b>



**Company balance sheet**

As at 27 January 2008

		As at 27 January 2008	As at 28 January 2007 Restated (see notes 22 and 24)
	Note	£'000	£'000
<b>Non-current assets</b>			
Goodwill	13	340	179
Other intangible assets	14	25,417	27,397
Property, plant and equipment	15	181,753	180,330
Investments in subsidiaries	16	249,660	250,447
Investment in associated undertaking	17	1,281	–
Loan to associated undertaking	17	4,000	–
		<b>462,451</b>	<b>458,353</b>
<b>Current assets</b>			
Inventories	18	96,109	107,725
Trade and other receivables	19	42,079	38,181
Current asset investments	20	196,217	168,117
Cash and cash equivalents	21	12,583	10,675
Current tax receivable		5,666	–
		<b>352,654</b>	<b>324,698</b>
<b>Total assets</b>		<b>815,105</b>	<b>783,051</b>
<b>Current liabilities</b>			
Trade and other payables	22	(283,692)	(262,914)
Current tax liability		–	(2,453)
Loan notes	23	(168,117)	(168,117)
Provisions	24	(17,857)	(11,378)
		<b>(469,666)</b>	<b>(444,862)</b>
<b>Net current liabilities</b>		<b>(117,012)</b>	<b>(120,164)</b>
<b>Non-current liabilities</b>			
Bank loans	23	(56,355)	(32,812)
Deferred tax liabilities	25	(23,883)	(22,913)
Deferred lease incentives	26	(36,896)	(35,613)
Provisions	24	(1,829)	(407)
		<b>(118,963)</b>	<b>(91,745)</b>
<b>Total liabilities</b>		<b>(588,629)</b>	<b>(536,607)</b>
<b>Net assets</b>		<b>226,476</b>	<b>246,444</b>
<b>Equity</b>			
Share capital	27	11,944	11,892
Share premium account	29	171,248	169,334
Capital redemption reserve	30	1,069	1,069
Investment in own shares	31	(3,083)	(3,083)
Share based payment reserve	32	680	297
Retained earnings	34	44,618	66,935
<b>Total Equity</b>		<b>226,476</b>	<b>246,444</b>

The Financial statements were approved by the Board of Directors and authorised for issue on 23 May 2008. They were signed on its behalf by

R Lane-Smith

Non-executive Chairman

D.P. Madeley

Director

**Company cash flow statement**

For the 52 weeks to 27 January 2008

	Note	52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
<b>Net cash from operating activities</b>	35	<b>56,287</b>	<b>99,519</b>
<b>Investing activities</b>			
Interest received		11,222	9,408
Dividend received from available-for-sale investments		288	-
Purchase of subsidiary		(31)	(1,228)
Net proceeds on disposal of property, plant and equipment		3,314	2,454
Net proceeds on disposal of intangible assets		153	-
Purchase of goodwill		(339)	-
Purchase of intangible assets	14	(182)	(18,488)
Purchase of property, plant and equipment	15	(26,380)	(32,130)
Investment in associated undertaking	17	(1,281)	-
Purchase of available-for-sale investments	20	(26,545)	-
<b>Net cash used in investing activities</b>		<b>(39,781)</b>	<b>(39,984)</b>
<b>Financing activities</b>			
Interest paid		(12,392)	(9,930)
Dividends paid		(23,605)	(14,128)
Investment in own shares		-	(3,083)
Proceeds from issues of share capital		1,899	3,359
Net proceeds from bank loans		23,500	17,892
Repayment of bank loan		-	(45,000)
Repayment of bank overdraft		-	(20,412)
Loan to associated undertaking	17	(4,000)	-
<b>Net cash used in financing activities</b>		<b>(14,598)</b>	<b>(71,302)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,908</b>	<b>(11,767)</b>
Cash and cash equivalents at beginning of period		10,675	22,442
<b>Cash and cash equivalents at end of period</b>	21	<b>12,583</b>	<b>10,675</b>

## Statement of accounting policies

For the 52 weeks to 27 January 2008

### Accounting period

Every accounting period ends on the Sunday which falls before, but closest to 31 January, resulting in accounting periods of either 52 or 53 weeks

### Adoption of new and revised Standards

With regard to these Financial statements for the 52 weeks to 27 January 2008 the Group has adopted IFRS 7 *Financial Instruments Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendments to IAS 1 *Presentation of Financial Statements*. The impact of the adoption of IFRS 7 and the amendments to IAS 1 has been to expand the disclosures provided in these Financial statements regarding the Group's financial instruments and management of capital as set out in note 39 in the Notes to the Financial statements

In addition, the Group has elected to adopt IFRS 8 *Operating Segments* in advance of its effective date. This Standard is effective for accounting periods beginning on or after 1 January 2009.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed and the prior period disclosures have been restated accordingly.

At the date of authorisation of these Financial statements, the following Standards and Interpretations which have not been applied in these Financial statements were in issue but not yet effective:

IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>
IFRIC 11	<i>IFRS 2 – Group and Treasury Share Transactions</i>
IFRIC 12	<i>Service Concession Arrangements</i>
IFRIC 13	<i>Customer Loyalty Programmes</i>
IFRIC 14	<i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Financial statements of the Group.

### Basis of preparation

The Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The Financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group Financial statements comply with Article 4 of the EU IAS Regulation.

The Financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

### Basis of consolidation

The Financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), together making up the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to be able to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to capital reserve in the period of acquisition.

The results of subsidiaries acquired or disposed of during the accounting period are included in the Consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

No Income statement is presented for JJB Sports plc, as permitted by Section 230 of the Companies Act 1985.

## Statement of accounting policies (continued)

For the 52 weeks to 27 January 2008

### Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP carrying amounts subject to being tested for impairment at the end of every accounting period including the date of transition.

### Investments in associated undertakings

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Financial statements using the equity method of accounting. Investments in associates are carried in the Balance sheet at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, as follows:

Freehold land and buildings	50 years
Leasehold improvements	over the period of the lease
Plant and equipment	5 to 25 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

## Statement of accounting policies (continued)

For the 52 weeks to 27 January 2008

### Impairment of tangible and intangible assets excluding goodwill and brand licence intangible assets

At every balance sheet date, a review of the carrying amounts of the tangible and intangible assets, excluding goodwill and brand licence intangible assets, is performed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised in the profit or loss.

### Brand licence intangible assets

All brand licence intangible assets that are internally generated are not recorded on the Balance sheet.

The Group and Company only carry brand licence intangible assets on the Balance sheet that have been acquired. Acquired brands are carried at cost on the Balance sheet. Subject to an impairment review, no amortisation is charged on those brand licence intangible assets which the Board believes have an indefinite life. The cost of those brands which have a finite life are amortised over the period during which the Group and Company has the use of the brand.

The Group carries out an impairment review on the brand licence intangible assets, at least annually, or when a change in circumstances or situation indicates that those assets have suffered an impairment loss. Impairment is measured by comparing the carrying amount of an intangible asset with the 'recoverable amount' that is the higher of its fair value less costs to sell and its 'value in use'. 'Value in use' is calculated by discounting the expected future cash flows, using a discount rate based on an estimate of the rate that the market would expect on an investment of comparable risk.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO (first in first out) method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or damaged items where appropriate.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

## **Statement of accounting policies (continued)**

**For the 52 weeks to 27 January 2008**

### **Share based payments**

The Group has applied the requirements of IFRS 2 *Share based Payments*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group issues equity-settled share based payments to certain employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the date of the grant of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on JJB's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales related taxes.

In the case of goods sold through the retail stores, revenue is recognised when goods are sold and the title has passed.

Revenue also includes income generated from the provision of sports and leisure facilities at the Group's fitness clubs. This revenue is recognised in the accounting period during which the facility is made available to members of the fitness clubs. Revenue from joining fees are contributions to cover costs of the administration of new members and are credited to revenue in the accounting period of the receipt of that revenue.

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **The Group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **The Group as lessee**

Rentals payable under operating leases are charged as an expense on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

### **Retirement benefit costs**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to State-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

### **Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the balance sheet date. Gains and losses arising on retranslation are recognised in the Consolidated income statement for the period in which the gain or loss arises except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the accounting period. Exchange differences arising are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of. Differences arising from prior periods have been frozen.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling-denominated assets and liabilities.

## Statement of accounting policies (continued)

For the 52 weeks to 27 January 2008

### Taxation

The taxation expense represents the sum of the tax currently payable and deferred tax

The taxation currently payable is based upon the taxable profit for the accounting period. Taxable profit differs from net profit as reported in the Consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### Financial instruments

Financial assets and financial liabilities are recognised in the Group's Balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

#### Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if

- it has been acquired principally for the purpose of selling in the near future, or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 39(h) in the Notes to the Financial statements.

## **Statement of accounting policies (continued)**

**For the 52 weeks to 27 January 2008**

### **Financial instruments (continued)**

#### ***Available-for-sale financial assets (AFS)***

Shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in retained earnings. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in retained earnings is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

#### ***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### ***Derecognition of financial assets***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### ***Financial liabilities***

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### ***Financial liabilities at FVTPL***

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### ***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.



## **Statement of accounting policies (continued)**

**For the 52 weeks to 27 January 2008**

### **Financial instruments (continued)**

#### **Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, which comprise foreign exchange forward contracts as set out in note 39(d) in the Notes to the Financial statements

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **Embedded derivatives**

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

## Notes to the Financial statements

For the 52 weeks to 27 January 2008

### 1 General information

JJB Sports plc is a company incorporated in the United Kingdom. The address of the registered office is given on page 12 of the Annual report. The nature of the Group's operations and its principal activities are set out in the Business review on pages 4 to 8 of the Annual report.

### 2 Critical judgements in applying the Group's and the Company's accounting policies

In the application of the Group's accounting policies, which are described in the Statement of accounting policies on pages 43 to 49, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial statements:

#### Impairment of goodwill

The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the present value of the retail operating units for which goodwill has been allocated, to the value of goodwill in the Consolidated balance sheet. The calculation of present value requires an estimation of the future pre-tax cash flows expected to arise from the retail operating units and the selection of a suitable discount rate.

Following the impairment review, an impairment charge of £178,000 was required in the accounting period of 52 weeks to 27 January 2008 (2007: £nil). The carrying amount of goodwill in the Consolidated balance sheet at 27 January 2008 was £187,834,000 (2007: £188,459,000).

#### Impairment of subsidiary undertakings

The calculation for considering the impairment of the carrying value of subsidiary undertakings requires a comparison of the present value of the retail operating units within the subsidiary undertakings to the value of those subsidiary undertakings in the Company balance sheet. The calculation of present value requires an estimation of the future pre-tax cash flows expected to arise from the retail operating units and the selection of a suitable discount rate.

The carrying amount of subsidiary undertakings in the Company balance sheet at 27 January 2008 was £249,660,000 (2007: £250,447,000) and following the impairment review, no impairment charge was necessary in the accounting period of 52 weeks to 27 January 2008 (2007: £nil).

#### Provision for restructuring of retail store chain

The Group provided £24,970,000 at 27 January 2008 in respect of the restructuring of its retail store chain which included a provision in respect of the costs expected to be incurred in exiting the lease agreements of the stores which were closed in April 2008. These costs have been estimated as to the length of time necessary to exit the leases and the scale of any lump sums found to be necessary to achieve the exit. The estimates are based upon available information and knowledge of the property market. The ultimate costs to be incurred in this regard may vary from the estimates.

### 3 Revenue

An analysis of revenue is as follows:

	52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
<b>Continuing operations</b>		
Revenue from retail operations	745,474	754,488
Revenue from fitness clubs	66,280	55,799
	<b>811,754</b>	<b>810,287</b>
Other operating income	3,314	5,163

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****4 Business segments**

The Group has adopted IFRS 8 *Operating Segments* for the 52 weeks to 27 January 2008. The adoption of IFRS 8 has resulted in a change to those business segments which have been disclosed in earlier Consolidated financial statements.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. The new segments comprise (a) all the Group's retail operations including any retail stores which are attached to fitness clubs, and (b) the fitness club operation, including the indoor soccer centres.

The accounting policies of the reportable segments are set out in the Statement of accounting policies on pages 43 to 49. Segmental operating profit represents the profit earned by each segment before central administration costs including Directors' salaries, exceptional operating items, investment income, finance costs and the share of results of the associated undertaking.

**Revenues from major products and services and information about major customers**

Information regarding the above is required by IFRS 8 (32 and 34) but is not given in these Notes to the Financial statements because of the nature of the Group's business. The Group's two principal activities, being the retailing of a wide range of sports clothing, footwear and equipment and of the operation of fitness clubs, are reported in the segments shown below and therefore the disclosure of revenues from major products is not appropriate and as the Group's revenue is derived from sales to the general public, then it has no major customers.

**Geographical segments**

The Group's reporting format is by business segment. Although the Group operates in two geographic segments, the UK and Eire, neither the revenue from sales to external customers nor the value of net assets within Eire represent more than 10 per cent of Group totals.

**Operating segments**

Information regarding the Group's operating segments is reported below. Amounts reported for the 52 weeks to 28 January 2007 have been restated to make them consistent with the amounts reported for the 52 weeks to 27 January 2008.

**Segmental information for  
the 52 weeks to 27 January 2008**

**Consolidated income statement**

	Retail operations £'000	Fitness clubs £'000	Consolidated £'000
Revenue	745,474	66,280	811,754
Gross profit	342,403	63,709	406,112
Location net operating expenses before exceptional operating items	(292,968)	(46,597)	(339,565)
Operating profit before central costs and exceptional operating items	49,435	17,112	66,547
Central administration costs			(32,278)
Operating profit before exceptional operating items			34,269
Exceptional operating items			(22,974)
Operating profit			11,295
Investment income			11,551
Finance costs			(12,442)
Share of results of associated undertaking			396
Profit before taxation			10,800
Taxation			(1,170)
Profit after taxation			9,630

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**4 Business segments (continued)****Other information****Segmental information for  
the 52 weeks to 27 January 2008 (continued)**

	Retail operations £'000	Fitness clubs £'000	Head office/ Distribution centre £'000	Consolidated £'000
Purchase of property, plant and equipment	8,754	14,618	3,905	27,277
Purchase of intangible assets	–	14	168	182
Depreciation of property, plant and equipment	10,177	6,099	3,333	19,609
Impairment of goodwill, property, plant and equipment	6,312	–	–	6,312
Amortisation of intangible assets	–	6	1,988	1,994
<b>Consolidated balance sheet</b>				
Segmental assets	558,010	108,583	122,955	789,548
Segmental liabilities	391,109	30,578	2,806	424,493

**Segmental information for  
the 52 weeks to 28 January 2007****Consolidated income statement**

	Retail operations £'000	Fitness clubs £'000	Consolidated £'000
Revenue	754,488	55,799	810,287
Gross profit	331,432	53,541	384,973
Location net operating expenses before exceptional operating items	(271,157)	(38,765)	(309,922)
Operating profit before central costs and exceptional operating items	60,275	14,776	75,051
Central administration costs			(27,307)
Operating profit before exceptional operating items			47,744
Exceptional operating items			(8,723)
Operating profit			39,021
Investment income			9,437
Finance costs			(9,965)
Profit before taxation			38,493
Taxation			(12,668)
Profit after taxation			25,825

**Other information**

	Retail operations £'000	Fitness clubs £'000	Head office/ Distribution centre £'000	Consolidated £'000
Purchase of property, plant and equipment	9,348	20,119	3,657	33,124
Purchase of intangible assets	–	12	18,476	18,488
Depreciation of property, plant and equipment	10,544	5,019	2,869	18,432
Amortisation of intangible assets	–	1	1,281	1,282
<b>Consolidated balance sheet</b>				
Segmental assets	573,326	102,622	96,858	772,806
Segmental liabilities	366,373	25,586	3,821	395,780

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****5 Profit before taxation**

Profit before taxation of the Group has been arrived at after charging (crediting)

	<b>Continuing operations</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Amortisation of other intangible assets	1,994	1,282
Depreciation of property, plant and equipment	19,609	18,432
Net loss on disposal of intangible assets	14	-
Net (gain) loss on disposal of property, plant and equipment	(1,996)	1,317
Provision for restructuring of retail store chain	24,970	-
Provision for the closure of the Icon stores	-	3,343
Staff costs (see note 6)	128,100	115,345
Auditors' remuneration (see below)	212	208
Cost of inventories recognised as expense	399,382	420,297
Write down of inventories to net realisable value	2,976	3,062
Net foreign exchange losses	1,479	1,197
Net (gain) loss on financial instruments	(3,136)	582

The provision for restructuring of the retail store chain of £24,970,000 relates to the direct expenditure expected to be incurred in closing the stores which the Group, prior to the year end was committed to cease trading from before the end of April 2008, following a review of the existing store portfolio carried out prior to the end of the year. The provision comprises staff redundancy costs and the costs expected to be incurred in exiting the relevant lease agreements which total £18,658,000, the impairment of property, plant and equipment of £6,134,000 and the impairment of goodwill of £178,000.

Charges relating to the closure of the Icon stores during the 52 weeks to 28 January 2007 of £3,343,000 (a chain of small high street stores) include losses on the disposal of property, plant and equipment and the costs expected to be incurred in exiting the relevant lease agreements.

**Auditors' remuneration**

Amounts payable to Deloitte &amp; Touche LLP and their associates by the Company and its subsidiary undertakings are set out below

	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Fees payable to the Company's auditors with respect to the audit of the Company's annual accounts	80	72
Fees payable to the Company's auditors and their associates for other audit services to the Group		
Audit of the Company's subsidiaries pursuant to legislation	45	48
Total audit fees	125	120
Non-audit fees		
Corporate finance services	45	47
Tax services advisory services	42	41
Total non-audit fees	87	88
	212	208

A description of the work of the Audit committee is set out in the Corporate governance report on page 21 of the Annual report and on page 23 there is an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****6 Staff costs****(a) The aggregate remuneration comprised:**

	<b>Group</b>		<b>Company</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Wages and salaries	119,261	107,654	96,979	86,946
Social security costs	8,122	7,211	6,718	5,892
Other pension costs (see note 40)	334	183	334	183
Share based payments	383	297	383	297
	<b>128,100</b>	<b>115,345</b>	<b>104,414</b>	<b>93,318</b>

**(b) The average number of persons and their full time equivalents employed by the Group and Company during the accounting period (including Executive Directors) was as follows**

	<b>Group</b>			
	<b>Average number of employees</b>		<b>Full time equivalents</b>	
	<b>52 weeks to 27 January 2008 Number</b>	<b>52 weeks to 28 January 2007 Number</b>	<b>52 weeks to 27 January 2008 Number</b>	<b>52 weeks to 28 January 2007 Number</b>
Sales and distribution	11,354	11,368	8,147	8,211
Administration	686	649	686	649
	<b>12,040</b>	<b>12,017</b>	<b>8,833</b>	<b>8,860</b>

	<b>Company</b>			
	<b>Average number of employees</b>		<b>Full time equivalents</b>	
	<b>52 weeks to 27 January 2008 Number</b>	<b>52 weeks to 28 January 2007 Number</b>	<b>52 weeks to 27 January 2008 Number</b>	<b>52 weeks to 28 January 2007 Number</b>
Sales and distribution	8,911	8,768	6,451	6,397
Administration	686	649	686	649
	<b>9,597</b>	<b>9,417</b>	<b>7,137</b>	<b>7,046</b>

**(c) Key management personnel**

The remuneration of the Company's Directors and of the Associate Directors (who are not members of the Board), who are the key management personnel of the Group, is set out below in aggregate for each of the expense categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual Company Directors is provided in the audited part of the Directors' remuneration report on pages 34 to 35

	<b>Group and Company</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Short-term employee benefits	3,912	3,656
Post employment benefits	252	128
Termination benefits	1,129	30
Share based payments	190	190
	<b>5,483</b>	<b>4,004</b>

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****7 Investment income**

	<b>Group</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Interest on bank deposits	925	1,362
Interest on loan note deposit	10,156	8,075
Interest on loan to associated undertaking	182	–
Dividend received from available-for-sale investment	288	–
	<b>11,551</b>	<b>9,437</b>

Finance income earned on financial assets analysed by category of asset is as follows

	<b>Group</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Loans and receivables (including cash and bank balances)	11,263	9,437
Available-for-sale investment	288	–
	<b>11,551</b>	<b>9,437</b>

**8 Finance costs**

	<b>Group</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Interest on bank overdrafts and loans	3,335	2,940
Interest on loan notes	9,055	6,975
Finance costs	52	50
	<b>12,442</b>	<b>9,965</b>

**9 Taxation**

The taxation charge shown in the Consolidated income statement for the 52 weeks to 27 January 2008 has been based on the current rate of taxation of 30 per cent (2007 30 per cent) for current taxation, and 28 per cent for deferred taxation (2007 30 per cent)

The main rate of corporation tax became 28 per cent on 1 April 2008. As a result of this reduction in the rate of corporation tax the timing differences will reverse at this rate and the deferred tax liabilities have been calculated accordingly

	<b>Group</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
<b>Current taxation</b>		
UK corporation tax	459	9,030
Foreign tax	240	207
Adjustment in respect of prior periods	109	(207)
	<b>808</b>	<b>9,030</b>
<b>Deferred taxation</b>		
Current period	362	3,638
	<b>362</b>	<b>3,638</b>
<b>Taxation charge</b>	<b>1,170</b>	<b>12,668</b>

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****9 Taxation (continued)**

The deferred taxation charge in the current period has resulted from the depreciation rates on qualifying assets being lower than the rates of writing down allowances used for tax purposes

The taxation charge for the period can be reconciled to the profit before taxation shown in the Consolidated income statement as follows

	<b>Group</b>			
	<b>52 weeks to 27 January 2008</b>		<b>52 weeks to 28 January 2007</b>	
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
<b>Profit before taxation</b>	<b>10,800</b>		<b>38,493</b>	
Tax at the current UK corporation tax rate	<b>3,240</b>	<b>30.0</b>	11,548	30.0
Tax effect of expenses that are not deductible in determining taxable profit	<b>237</b>	<b>2.2</b>	1,624	4.2
Tax effect of prior year UK corporation tax adjustments	<b>109</b>	<b>1.0</b>	(207)	(0.5)
Tax effect of share of results of associates	<b>(119)</b>	<b>(1.1)</b>	–	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(216)</b>	<b>(2.0)</b>	(297)	(0.8)
Tax effect of change in tax rates	<b>(2,081)</b>	<b>(19.3)</b>	–	–
<b>Taxation charge and effective tax rate for the period</b>	<b>1,170</b>	<b>10.8</b>	<b>12,668</b>	<b>32.9</b>

**10 Profit attributable to JJB Sports plc**

As permitted under Section 230 of the Companies Act 1985, no separate Income statement is presented in respect of the Parent Company

The profit after taxation for the accounting period dealt with in the Financial statements of the Parent Company, JJB Sports plc, was £235,000 (2007: £14,020,000)

**11 Dividends**

	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Amounts recognised as distributions to equity holders in the period		
Final dividend for the 52 weeks to 28 January 2007 of 7.0 pence net per ordinary share paid on 3 August 2007 (2006: 7.0 pence)	<b>16,556</b>	16,154
Interim dividend for the 52 weeks to 27 January 2008 of 3.0 pence net per ordinary share paid on 9 January 2008 (2007: 3.0 pence)	<b>7,116</b>	7,084
	<b>23,672</b>	23,238
Proposed final dividend for the 52 weeks to 27 January 2008 of 7.0 pence net per ordinary share (2007: 7.0 pence)	<b>16,722</b>	16,530

The proposed final dividend is subject to approval by shareholders at the 2008 Annual General Meeting and will be payable on 8 August 2008, it has not been included as a liability in these Financial statements



**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****12. Earnings per share**

The calculation of the basic and diluted earnings per ordinary share and of adjusted basic earnings per ordinary share are based on the following data

	<b>52 weeks to 27 January 2008</b>		<b>52 weeks to 27 January 2007</b>	
	<b>£'000</b>	<b>Earnings per share (pence)</b>	<b>£'000</b>	<b>Earnings per share (pence)</b>
Earnings for the purposes of basic earnings per ordinary share and diluted earnings per ordinary share being net profit attributable to equity holders of the parent	<b>9,630</b>	<b>4.07p</b>	25,825	11 07p
Exceptional operating items (net)	<b>22,974</b>	<b>9 70p</b>	8,723	3 74p
Taxation on exceptional operating items (net)	<b>(6,806)</b>	<b>(2.88)p</b>	(1,398)	(0 60)p
Earnings for the purposes of adjusted basic earnings per ordinary share being net profit attributable to equity holders of the parent before exceptional operating items, net of taxation	<b>25,798</b>	<b>10 89p</b>	33,150	14 21p

**Number of shares**

	<b>Number of ordinary shares (thousands)</b>	
Weighted average number of ordinary shares for the purposes of basic earnings per ordinary share and adjusted basic earnings per ordinary share	<b>236,802</b>	233,261
Effect of dilutive potential ordinary shares Share options	<b>53</b>	51
Weighted average number of ordinary shares for the purposes of diluted earnings per ordinary share	<b>236,855</b>	233,312
<b>Basic earnings per ordinary share</b>	<b>Pence</b>	<b>4 07p</b> 11 07p
<b>Diluted earnings per ordinary share</b>	<b>Pence</b>	<b>4 07p</b> 11 07p
<b>Adjusted basic earnings per ordinary share</b>	<b>Pence</b>	<b>10 89p</b> 14 21p

**13. Goodwill**

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Cost</b>		
At 30 January 2006	254,770	255
Additions	2,375	-
At 29 January 2007	257,145	255
Derecognised on release of deferred consideration	(786)	-
Additions	339	339
<b>At 27 January 2008</b>	<b>256,698</b>	<b>594</b>
<b>Accumulated impairment losses</b>		
At 30 January 2006 and 29 January 2007	68,686	76
Impairment loss for the period	178	178
<b>At 27 January 2008</b>	<b>68,864</b>	<b>254</b>
<b>Carrying amount</b>		
<b>At 27 January 2008</b>	<b>187,834</b>	<b>340</b>
At 28 January 2007	188,459	179

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****13 Goodwill (continued)**

Goodwill acquired in a business combination is allocated at acquisition to the individual companies that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows

	<b>Group</b>	
	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>
JJB Sports plc	<b>340</b>	179
Blane Leisure Limited	<b>181,353</b>	181,353
Sports Division (Eireann) Limited	<b>4,552</b>	4,552
Golf TV Limited	<b>1,589</b>	2,375
	<b>187,834</b>	188,459

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the operating units on which goodwill has arisen are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the operating units. The Group prepares cash flow forecasts derived from the pre-tax operating results of the operating units concerned for the 52 weeks to 27 January 2008, and extrapolates cash flows for the remaining lengths of the store leases. The growth rate which is used in the forecasts is 3 per cent. The remaining length of the leases of some operating units is increased by the anticipated number of years for which a lease extension may be sought under the statutory right of renewal as laid down by the Landlord and Tenant Act. This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the cash flow forecasts is 8.4 per cent (2007: 7.6 per cent), which is the pre-tax weighted average cost of capital.

The bases and methodology upon which we have determined the value in use is based upon our past experience of the underlying cash flows to those operating units and our views of rates on which the business can grow in the future.

The periods of the projected cash flows is longer than five years in the cases of those operating units whose premises are subject to leases whose remaining lengths extend beyond a period of five years.

The impairment loss of £178,000 at 27 January 2008 represents the carrying value of goodwill on a lease relating to one of the retail stores which has closed in April 2008 under the restructuring provision, referred to in note 5 of these Notes to the Financial statements. No impairment adjustment was required at 28 January 2007.

The accounting judgements and sources of estimation uncertainty involved in assessing any impairment loss are referred to in note 2 of these Notes to the Financial statements.

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****14 Other intangible assets**

	<b>Group and Company</b>		
	<b>Brand</b>	<b>Other</b>	
	<b>licences</b>	<b>intangible</b>	<b>Total</b>
	<b>£'000</b>	<b>assets</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 30 January 2006	10,023	201	10,224
Additions	18,224	264	18,488
At 29 January 2007	28,247	465	28,712
Additions	–	182	182
Disposals	(153)	(20)	(173)
<b>At 27 January 2008</b>	<b>28,094</b>	<b>627</b>	<b>28,721</b>
<b>Amortisation</b>			
At 30 January 2006	–	33	33
Charge for the period	1,172	110	1,282
At 29 January 2007	1,172	143	1,315
Charge for the period	1,807	187	1,994
Eliminated on disposal	–	(5)	(5)
<b>At 27 January 2008</b>	<b>2,979</b>	<b>325</b>	<b>3,304</b>
<b>Carrying amount</b>			
<b>At 27 January 2008</b>	<b>25,115</b>	<b>302</b>	<b>25,417</b>
At 28 January 2007	27,075	322	27,397

Included within the cost value of Brand licences at 27 January 2008 is a value of £10,023,000 in respect of the brand rights to the use of the "Slazenger" name on certain sports products which are held under a 999 year licence. An impairment calculation was performed to estimate the present value of future cash flows expected to arise from this Brand. The key assumptions for this calculation were based on the gross profit on the sale of products which are branded Slazenger, for the 52 weeks to 27 January 2008, extrapolated over the next 15 years assuming no growth and a pre-tax weighted average cost of capital of 8.4 per cent (2007 7.6 per cent). The period of the projected cash flows is of a longer period than 5 years because of the length of the licence. The Directors believe the Slazenger brand licence to have a long life therefore no amortisation charge has been made at 27 January 2008 on the grounds of immateriality (2007 £nil).

Brand licences at 27 January 2008 also included a cost value of £18,071,000 in respect of the brand rights to the use of the Glasgow Rangers FC name on certain sports products which is being amortised over the 10 year term of the licence on a straight-line basis, from 7 June 2006.

The other intangible assets are amortised over their estimated useful lives, which is an average of 3 years.

# Notes to the Financial statements (continued)

For the 52 weeks to 27 January 2008

## 15. Property, plant and equipment

	Group			
	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 30 January 2006	18,562	20,234	270,514	309,310
Additions	–	558	32,566	33,124
Acquisition of subsidiary	–	–	25	25
Exchange differences	–	–	(342)	(342)
Disposals	(806)	(180)	(8,809)	(9,795)
At 29 January 2007	17,756	20,612	293,954	332,322
Additions	–	704	26,573	27,277
Exchange differences	–	–	1,070	1,070
Disposals	–	(215)	(8,474)	(8,689)
<b>At 27 January 2008</b>	<b>17,756</b>	<b>21,101</b>	<b>313,123</b>	<b>351,980</b>
<b>Accumulated depreciation</b>				
At 30 January 2006	2,860	3,776	113,452	120,088
Charge for the period	342	690	17,400	18,432
Exchange differences	–	–	(32)	(32)
Eliminated on disposals	(123)	(117)	(4,906)	(5,146)
At 29 January 2007	3,079	4,349	125,914	133,342
Charge for the period	341	764	18,504	19,609
Impairment	–	119	6,015	6,134
Exchange differences	–	–	162	162
Eliminated on disposals	–	(116)	(5,423)	(5,539)
<b>At 27 January 2008</b>	<b>3,420</b>	<b>5,116</b>	<b>145,172</b>	<b>153,708</b>
<b>Carrying amount</b>				
<b>At 27 January 2008</b>	<b>14,336</b>	<b>15,985</b>	<b>167,951</b>	<b>198,272</b>
At 28 January 2007	14,677	16,263	168,040	198,980

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**15. Property, plant and equipment (continued)**

	Company			Total £'000
	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	
<b>Cost</b>				
At 30 January 2006	18,164	17,987	225,422	261,573
Additions	-	556	31,574	32,130
Transfers to Group companies	-	-	(24)	(24)
Disposals	(805)	(151)	(6,606)	(7,562)
At 29 January 2007	17,359	18,392	250,366	286,117
Additions	-	704	25,676	26,380
Transfers to Group companies	-	-	(160)	(160)
Disposals	-	(50)	(6,942)	(6,992)
<b>At 27 January 2008</b>	<b>17,359</b>	<b>19,046</b>	<b>268,940</b>	<b>305,345</b>
<b>Accumulated depreciation</b>				
At 30 January 2006	2,634	2,914	88,025	93,573
Charge for the period	334	604	14,760	15,698
Transfers to Group companies	-	-	8	8
Eliminated on disposals	(123)	(106)	(3,263)	(3,492)
At 29 January 2007	2,845	3,412	99,530	105,787
Charge for the period	333	682	15,876	16,891
Impairment	-	5	5,074	5,079
Transfers to Group companies	-	-	9	9
Eliminated on disposals	-	(43)	(4,131)	(4,174)
<b>At 27 January 2008</b>	<b>3,178</b>	<b>4,056</b>	<b>116,358</b>	<b>123,592</b>
<b>Carrying amount</b>				
<b>At 27 January 2008</b>	<b>14,181</b>	<b>14,990</b>	<b>152,582</b>	<b>181,753</b>
At 28 January 2007	14,514	14,980	150,836	180,330

The Directors have performed a value in use calculation which has resulted in an impairment charge in the Group of £6,134,000 representing the carrying values of property, plant and equipment in the retail stores which have been closed in April 2008 as a result of the restructuring of the retail store chain, referred to in note 5 of these Notes to the Financial statements. The equivalent impairment charge for the Company is £5,079,000.

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**16 Investments****Investments in subsidiaries**

	<b>Company £'000</b>
<b>Cost</b>	
At 30 January 2006	289,398
Additions	2,137
At 29 January 2007	291,535
Additions	31
Release of deferred consideration	(818)
<b>At 27 January 2008</b>	<b>290,748</b>
<b>Accumulated provision for impairment</b>	
At 30 January 2006, 29 January 2007 and 27 January 2008	41,088
<b>Carrying amount</b>	
<b>At 27 January 2008</b>	<b>249,660</b>
At 28 January 2007	250,447

Goodwill of £237,000 which arose on the acquisition of a subsidiary in 1998, was written off against reserves in that accounting period

The carrying value of investments in subsidiary undertakings has been reviewed for impairment at 27 January 2008. This review was carried out by making a comparison of the present value of the future pre-tax cash flows of the retail operating units within the subsidiary undertakings, to the value of those subsidiary undertakings in the Company Balance sheet. A discount rate was used that reflects current market assessments of the time value of money and a weighted average cost of capital of 8.4 per cent (2007: 7.6 per cent). Following the impairment review, no impairment charge was found to be necessary at 27 January 2008 (2007: £nil).

The accounting judgements and sources of estimation uncertainty involved in assessing any impairment provision are referred to in note 2 of these Notes to the Financial statements.

Details of the investments in subsidiaries whose results or financial position principally affect these Financial statements is as follows:

	<b>Place of incorporation</b>	<b>Issued share capital held</b>	<b>Activity</b>
Blane Leisure Limited	Scotland	100%	Retailer of sportswear and sports equipment
Sports Division (Eireann) Limited	Eire	100%	Retailer of sportswear and sports equipment
Golf TV Limited	England	100%	Single interest television broadcaster, concentrating on golf
TV Sports Shop Limited (formerly Golf TV Pro-Shop Limited)	England	100%	Direct response marketing of golf and fitness products

Dormant and non-trading companies are not listed in the above table.

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****17. Investment in associated undertaking**

On 14 June 2007, the Company acquired 48 per cent of the issued share capital of KooGa Rugby Limited ("KooGa"), a company incorporated in England, for a consideration of £1,281,000. The business activity of KooGa is the manufacture of sporting apparel, principally for rugby.

The Group uses the equity method of accounting for associated undertakings. At 27 January 2008 the investment in the associated undertaking is as follows:

	<b>£'000</b>
Consideration	1,281
Fair value of net liabilities acquired	251
Goodwill on acquisition	1,532
Group share of net assets at 27 January 2008	145
<b>Investment in associated undertaking</b>	<b>1,677</b>
<b>Loan to associated undertaking</b>	<b>4,000</b>

The Group's 48 per cent share of KooGa's assets, liabilities and results (post becoming an associated undertaking) as shown in their management accounts is as follows:

	<b>At 27 January 2008 £'000</b>
Group share of	
Total assets	3,587
Total liabilities	(3,442)
Net assets	145
Revenue	4,388
Profit after taxation	396

KooGa has a co-terminous year end with JJB. There are no significant restrictions on the ability of the associated undertaking to transfer funds to its shareholders, other than those imposed by legal requirements. The carrying value of the investment in the associated undertaking includes acquired goodwill.

If the Company had acquired its 48 per cent interest in KooGa on 29 January 2007 (the first day of the financial year), the profit after taxation would have been £13,000.

**18 Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>
Goods for resale	<b>114,984</b>	128,082	<b>96,109</b>	107,725

The net replacement value of inventories is not considered to be materially different from that stated in the Balance sheets.

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****19 Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	<b>6,181</b>	10,379	<b>3,457</b>	8,634
Allowance for doubtful debts	<b>(889)</b>	(1,398)	<b>(745)</b>	(1,152)
	<b>5,292</b>	8,981	<b>2,712</b>	7,482
Other receivables and prepayments	<b>37,566</b>	29,224	<b>30,334</b>	23,409
Amounts owed by subsidiary undertakings	-	-	<b>6,479</b>	7,290
Gain on forward foreign exchange contracts (see note 39 a)	<b>2,554</b>	-	<b>2,554</b>	-
	<b>45,412</b>	38,205	<b>42,079</b>	38,181

No interest is charged on any trade receivables that are overdue. A provision has been made for the estimated irrecoverable amounts included in trade receivables. This provision has been determined by reference to past default experience and knowledge of the individual circumstances of certain debtors.

Before accepting any new customer, the Group and Company perform credit checks and review trade references in order to assess the potential customer's credit quality and then defines credit limits by individual customer. Credit risk is managed on a regular basis in order to minimise the exposure by reviewing adherence to settlement terms. Credit limits and terms are only increased based on past settlements.

In determining the recoverability of any trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the accounting period. The concentration of credit risk is limited due to the varied customer base.

During the 52 weeks to 27 January 2008, special precautions were taken to minimise the credit risk associated with gift voucher companies as a result of trading experience with other such companies in earlier years.

The ageing of trade receivables are as follows

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Neither past due nor impaired				
0-30 days	<b>4,052</b>	4,722	<b>1,653</b>	3,757
Past due but not impaired				
30-60 days	<b>473</b>	3,758	<b>376</b>	3,168
60-90 days	<b>118</b>	103	<b>101</b>	102
90-120 days	<b>100</b>	-	<b>45</b>	-
120+ days	<b>549</b>	398	<b>537</b>	455
Past due and impaired				
30-60 days	-	3	-	3
60-90 days	-	1	-	-
90-120 days	<b>10</b>	-	<b>10</b>	-
120+ days	<b>879</b>	1,394	<b>735</b>	1,149
	<b>6,181</b>	10,379	<b>3,457</b>	8,634



**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****19 Trade and other receivables (continued)**

Of the trade receivables for the Group, 65.6 per cent (2007: 45.5 per cent) and for the Company 47.8 per cent (2007: 43.5 per cent) are neither past due nor impaired.

Included in trade receivables at 27 January 2008 are debtors with a carrying amount for the Group of £1,240,000 (2007: £4,259,000) and for the Company of £1,059,000 (2007: £3,725,000) which are past due at that date, for which the Group has not made any provision for an irrecoverable amount because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The movements in the allowance for doubtful debts are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at the beginning of the period	1,398	1,919	1,152	1,552
Amounts written off as uncollectible	(521)	(521)	(416)	(400)
Impairment provision created during the year	12	–	9	–
Balance at the end of the period	889	1,398	745	1,152

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance for the Group of £749,000 (2007: £851,000) and for the Company £614,000 (2007: £699,000) which have been placed under liquidation. The impairment which has been recognised, represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

**20 Current asset investments**

	<b>Group and Company</b>	
	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Available-for-sale investment carried at fair value</b>		
Shares	28,100	–
<b>Loans and receivables</b>		
Loan note deposit	168,117	168,117
	<b>196,217</b>	<b>168,117</b>

The Shares represent a non-controlling interest of 10.12 per cent in the issued share capital of Umbro Plc purchased for strategic purposes. These shares were not held for trading and accordingly are classified as available for sale. The fair value of these shares is based upon their quoted market price at 27 January 2008. The purchase price of these shares was £26,545,000 and the fair value adjustment taken directly to equity during the 52 weeks to 27 January 2008 was £1,555,000.

The Loan note deposit represents a bank balance which acts as security for the Loan notes which are included within Current liabilities in the Balance sheet and described in note 23 of these Notes to the Financial statements. Interest is received on the Loan note deposit at an interest rate of 10 bps below LIBOR.

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****21 Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<b>10,692</b>	23,056	<b>9,076</b>	10,165
Short term deposits	<b>3,507</b>	510	<b>3,507</b>	510
	<b>14,199</b>	23,566	<b>12,583</b>	10,675

Short term deposits are made for varying periods of between 1 day and 1 month depending on the cash requirements of the Group, and earn interest at market short-term deposit rates

The carrying amount of these assets approximates to their fair value

**22 Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>(Restated)</b>	<b>£'000</b>	<b>(Restated)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade payables	<b>24,352</b>	41,601	<b>21,523</b>	38,912
Other payables and accruals	<b>71,506</b>	60,374	<b>58,939</b>	47,580
Deferred lease incentives (see note 26)	<b>2,303</b>	1,989	<b>2,080</b>	1,665
Amounts owed to subsidiary undertakings	–	–	<b>192,178</b>	168,319
Loss on forward foreign exchange contracts (see note 39 a)	–	582	–	582
Value added tax	<b>11,015</b>	6,961	<b>7,304</b>	3,886
Payroll and social security taxes	<b>1,698</b>	2,002	<b>1,668</b>	1,970
	<b>110,874</b>	113,509	<b>283,692</b>	262,914

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2007: 26 days).

As regards most suppliers, no interest is charged on the trade payables outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

The Balance sheets at 28 January 2007 have been restated by reclassifying taxes, other than Corporation tax, amounting to £8,963,000 for the Group and £5,856,000 for the Company, to "Trade and other payables", they had previously been included with Corporation tax in "Tax liabilities". The Directors consider the reclassification to be a more appropriate presentation.

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**23. Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Borrowings</b>				
Loan notes	<b>168,117</b>	168,117	<b>168,117</b>	168,117
Bank loans	<b>56,355</b>	32,812	<b>56,355</b>	32,812
	<b>224,472</b>	200,929	<b>224,472</b>	200,929
<b>Total borrowings</b>				
Amount due for settlement within 12 months	<b>168,117</b>	168,117	<b>168,117</b>	168,117
Amount due for settlement after 12 months	<b>56,355</b>	32,812	<b>56,355</b>	32,812

All Group and Company bank overdrafts, bank loans and loan notes are based in sterling

Loan notes were issued to the vendors of Blane Leisure Limited (Sports Division) in September 1998, as part of the consideration for the acquisition of that Company and its subsidiaries, under an instrument which provided that the Loan notes were redeemable on any quarterly interest payment dates after 11 June 1999. By a Deed of Variation dated 26 February 2001, the maturity date up to which the Loan notes can be redeemed was extended to 28 April 2011.

Interest is payable on the Loan notes at a rate of 75 bps below LIBOR and the Loan notes are secured by an identical amount held in a bank account and shown under Current assets as "Current asset investments", as described in note 20 of these Notes to the Financial statements.

The Group's working capital is provided through a 5 year £60 million revolving bank credit facility which commenced in June 2005, and a 6 year term loan of £18 million, which commenced in June 2006, in order to finance the acquisition of the Glasgow Rangers FC licensing agreement. The revolving bank credit facility carries an interest rate at 45 bps above LIBOR. The term loan carries an interest rate of 40 bps above LIBOR. Both facilities expose the Group to fair value interest rate risk.

The Directors estimate the fair value of the Group and Company's borrowings to be the same as their carrying value.

The weighted average interest rate paid by both Group and Company was as follows:

	<b>Group and Company</b>	
	<b>52 weeks to</b>	<b>52 weeks to</b>
	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
Loan notes	<b>5.1</b>	4.3
Bank loans	<b>6.8</b>	5.9

**Undrawn borrowing facilities**

At 27 January 2008, the Group had an undrawn committed borrowing facility of £20 million (2007: £45 million), in respect of which all conditions precedent had been met.

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**24 Provisions****Current liabilities**

	Vacant stores provision (Restated) £'000	Retail store restructuring provision £'000	Dilapidations provision £'000	Legal penalty provision £'000	Total £'000
<b>Group</b>					
At 29 January 2007	3,259	–	1,176	7,945	12,380
Created in the period	832	18,658	730	–	20,220
Utilised in the period	(1,537)	–	(462)	(7,945)	(9,944)
<b>At 27 January 2008</b>	<b>2,554</b>	<b>18,658</b>	<b>1,444</b>	<b>–</b>	<b>22,656</b>
<b>Company</b>					
At 29 January 2007	2,374	–	1,059	7,945	11,378
Created in the period	634	14,543	690	–	15,867
Utilised in the period	(1,078)	–	(365)	(7,945)	(9,388)
<b>At 27 January 2008</b>	<b>1,930</b>	<b>14,543</b>	<b>1,384</b>	<b>–</b>	<b>17,857</b>

**Non-current liabilities**

	Vacant stores provision (Restated) £'000
<b>Group</b>	
At 29 January 2007	897
Created in the period	1,740
Utilised in the period	(333)
<b>At 27 January 2008</b>	<b>2,304</b>
<b>Company</b>	
At 29 January 2007	407
Created in the period	1,668
Utilised in the period	(246)
<b>At 27 January 2008</b>	<b>1,829</b>

There has been a reclassification at 28 January 2007 of provisions payable after more than one year to "Non-current liabilities" of £897,000 for the Group and £407,000 for the Company, which were previously included within "Current liabilities" in the Balance sheets. The Directors consider this reclassification to be a more appropriate presentation.

The vacant stores provisions represent the estimated costs expected to be incurred in exiting the relevant lease agreements. Included within this is the provision for the closure of the Icon stores created at 28 January 2007 and referred to in note 5 of these Notes to the Financial statements.

The retail store restructuring provision relates to the direct expenditure expected to be incurred in closing the stores which the Group, prior to the year end, was committed to cease trading from before the end of April 2008, following a review of the existing store portfolio carried out prior to the end of the year. The provision comprises staff redundancy costs and the costs expected to be incurred in exiting the relevant lease agreements and is referred to in note 5 of these Notes to the Financial statements. The accounting judgements and sources of estimation uncertainty involved in assessing this provision are referred to in note 2 of these Notes to the Financial statements.

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****24 Provisions (continued)**

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group and Company in order to restore its leasehold premises to the condition required under the individual lease agreements at the end of their term

The provision in respect of the legal penalty and related interest of £7,945,000 at 28 January 2007 related to the action brought against the Company by the Office of Fair Trading ("OFT") in respect of the price-fixing of certain replica kit products during 2000 and 2001 and has been utilised during the 52 weeks to 27 January 2008 by the payment of that amount to the OFT

Current liability provisions are expected to be settled during the 52 weeks to 25 January 2009, the non-current liability provisions are expected to be settled within a further 12 months of this date

**25 Deferred tax liabilities**

The following are the major deferred tax liabilities recognised by the Group and Company and movements thereon

	<b>Group £'000</b>	<b>Company £'000</b>
<b>Accelerated capital allowances</b>		
At 30 January 2006	19,785	19,327
Charge for the period	3,638	3,586
Exchange differences	(7)	–
At 29 January 2007	23,416	22,913
Charge for the period	362	535
Exchange differences	24	–
Deferred tax on items taken directly to equity	435	435
<b>At 27 January 2008</b>	<b>24,237</b>	<b>23,883</b>

The Group and Company has no deferred tax asset (2007 same)

**26 Deferred lease incentives**

	<b>Group</b>		<b>Company</b>	
	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>
Current liabilities, to be released within 1 year (see note 22)	<b>2,303</b>	1,989	<b>2,080</b>	1,665
Non-current liabilities, to be released after more than 1 year	<b>39,950</b>	38,627	<b>36,896</b>	35,613

Deferred lease incentives comprise inducements given by landlords to enter into operating leases of certain land and buildings. All incentives received are released to the Consolidated income statement on a straight line basis over the term of the individual lease

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**27 Share capital****Authorised and issued share capital****Authorised:**

331,600,000 ordinary shares of 5p each

**Allotted, called up and fully paid**

At 30 January 2006

Scrip issue in lieu of dividend

Issued on creation of Long term incentive plan

Issued on exercise of options

At 29 January 2007

Scrip issue in lieu of dividend

Issued on exercise of options

**At 27 January 2008****Group and Company**

27 January 2008 £'000	28 January 2007 £'000
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16,580	16,580
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**Group and Company**

£'000	Number Thousands
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11,538	230,767
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262	5,228
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85	1,696
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7	146
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11,892	237,837
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1	24
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51	1,027
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11,944	238,888
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The Company has one class of ordinary shares and these carry no right to fixed income

**28 Share based payments****(a) Share option schemes**

The Company has outstanding options under the following schemes

	Date of Grant	Number of ordinary shares of 5p each at 27 January 2008	Number of ordinary shares of 5p each at 28 January 2007	Exercise price per share (pence)	Exercise expiry date
(i) 1999 Unapproved scheme	17 February 1999	70,080	1,049,280	184 84p	16 02 09
	13 November 2000	60,000	60,000	205 17p	12 11 10
	30 January 2001	120,000	120,000	260 25p	29 01 11
	16 April 2001	413,516	413,516	370 00p	15 04 11
	12 October 2002	250,000	250,000	150 20p	11 10 12
	26 May 2004	650,000	650,000	253 00p	25 05 14
(ii) 1999 Inland Revenue Approved scheme	23 November 2004	832,401	832,401	200 75p	22 11 14
	18 May 1999	15,800	63,200	189 84p	17 05 09
	16 April 2001	186,484	186,484	370 00p	15 04 11
	23 November 2004	493,119	493,119	200 75p	22 11 14
(iii) 2006 Unapproved scheme	28 July 2006	4,038,381	4 038,381	176 92p	27 07 16
	13 November 2007	656,019	—	154 34p	12 11 17
(iv) 2006 Long term incentive plan	3 August 2006	1,695,712	1,695,712	—	04 07 11

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****28. Share based payments (continued)****(a) Share option schemes (continued)**

The exercise of options under the 1999 Unapproved scheme, the 1999 Inland Revenue Approved scheme and the 2006 Unapproved scheme are subject to performance conditions that require various specified growths in earnings per ordinary share over a three year period. In respect of the 2006 Long term incentive plan, one tranche of the award is subject to an earnings per ordinary share performance target, and the second equal tranche is subject to a total shareholder return performance target.

The details of options granted to the Executive Directors under all these schemes, are set out in the Directors' remuneration report on page 35 of the Annual report and are included in the above figures.

Under the transitional provisions, the recognition and measurement principles in IFRS 2 have not been applied to grants of share options made before 7 November 2002. The fair value of options granted since 7 November 2002 is measured using the Black Scholes pricing model.

The number and weighted average exercise price of the share options is as follows:

	<b>52 weeks to 27 January 2008</b>		<b>52 weeks to 28 January 2007</b>	
	<b>Number of options</b>	<b>Weighted average exercise price (pence)</b>	<b>Number of options</b>	<b>Weighted average exercise price (pence)</b>
Outstanding at the start of the period	<b>9,852,093</b>	<b>167.72p</b>	4,264,540	226.80p
Granted during the period	<b>656,019</b>	<b>154.34p</b>	5,734,093	122.78p
Exercised during the period	<b>(1,026,600)</b>	<b>185.07p</b>	(146,540)	187.54p
Outstanding at the end of the period	<b>9,481,512</b>	<b>164.86p</b>	9,852,093	167.72p
Exercisable at the end of the period	<b>85,880</b>	<b>185.75p</b>	1,112,480	185.12p

The options outstanding at 27 January 2008 have an exercise price in the range of £nil to 370.0 pence and a weighted average remaining contracted life of 6.7 years.

The share price during the accounting period of 52 weeks to 27 January 2008 ranged between 92.50 pence and 302.25 pence and the closing mid market price at Friday 25 January 2008 was 112.50 pence.

The total charge to the Consolidated income statement for the 52 weeks to 27 January 2008 relating to employee share based payments was £383,000 (2007: £297,000).

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****28 Share based payments (continued)****(a) Share option schemes (continued)**

The fair value of options granted during the period, have been calculated using the Black-Scholes pricing model assuming the inputs shown below

	<b>52 weeks to 27 January 2008</b>	<b>52 weeks to 28 January 2007</b>
Fair value at measurement date per option (pence)	<b>42p</b>	27p
Share price at date of grant (pence)	<b>158p</b>	180p
Exercise price (pence)	<b>154.34p</b>	176.92p
Expected volatility (pence)	<b>57.37p</b>	24.76p
Expected option life (years)	<b>2.8 years</b>	2.5 years
Expected dividend yield (per cent)	<b>8.9%</b>	3.88%
Risk free interest rate (per cent)	<b>5.5%</b>	5.25%

The expected volatility of every option is based upon the standard deviation of the Company's share data about the Mean, in respect of share price movements during the previous accounting period. The expected option life is the average period to exercise. The risk free interest rate is based upon the Bank of England base borrowing rate.

**(b) 2007 Sharesave plan**

During the accounting period of 52 weeks to 27 January 2008, the Group offered options to all employees with over 12 months' service to purchase ordinary shares under its new 2007 Sharesave plan. This Plan is an Inland Revenue approved Save As You Earn ("SAYE") savings contract. Inland Revenue rules limit the maximum amount saved under the savings contract to £250 per month. The options were offered at a fixed set price calculated at the start of the 3 or 5 years term of the SAYE savings contract by applying a discount of 20 per cent to the market price of JJB's ordinary shares in September 2007. The options under the Sharesave plan may normally be exercised during the period of 6 months after the completion of the 3 or 5 year term of the SAYE savings contract. There are no performance conditions attached to these options.

	<b>Number of options</b>	<b>Weighted average exercise price</b>
Outstanding at 29 January 2007	-	-
Granted on 3 October 2007	<b>1,167,675</b>	<b>169.00p</b>
Forfeited	<b>(56,605)</b>	<b>169.00p</b>
Outstanding at 27 January 2008	<b>1,111,070</b>	<b>169.00p</b>

At 27 January 2008, the options under the Sharesave plan comprised 756,065 ordinary shares with an option expiry date of 1 November 2010 and 355,005 ordinary shares with an option expiry date of 1 November 2012.

The details of options under the 2007 Sharesave plan taken up by the Executive Directors are set out in the Directors' remuneration report on page 35 of the Annual report.

**29 Share premium account**

	<b>Group and Company £'000</b>
Balance at 30 January 2006	157,219
Premium arising on issue of equity shares	12,115
Balance at 29 January 2007	169,334
Premium arising on issue of equity shares	1,914
<b>Balance at 27 January 2008</b>	<b>171,248</b>



**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****30. Capital redemption reserve**

	<b>Group and Company £'000</b>
Balance at 30 January 2006, 29 January 2007 and <b>27 January 2008</b>	<b>1,069</b>

**31 Investment in own shares**

	<b>Group and Company £'000</b>
Balance at 30 January 2006	–
Issued on the creation of Long term incentive plan	<b>3,083</b>
Balance at 29 January 2007 and <b>27 January 2008</b>	<b>3,083</b>

The investment in own shares represents the cost of 1,695,712 ordinary shares in the Company purchased in the market in August 2006 at 181.83 pence and held by the JJB Sports plc Employee Benefit Trust to be used to satisfy options granted under the Group's Long Term Incentive Plan, see note 28a of these Notes to the Financial statements

**32. Share based payment reserve**

	<b>Group and Company £'000</b>
Balance at 30 January 2006	–
Created in the period	297
Balance at 29 January 2007	297
Created in the period	383
<b>Balance at 27 January 2008</b>	<b>680</b>

The Share based payment reserve represents the Directors' opinion of the fair value of options granted after 7 November 2002, see note 28a of these Notes to the Financial statements

**33 Foreign currency translation reserve**

	<b>Group £'000</b>
Balance at 30 January 2006	24
Exchange differences on translation of foreign operations	163
Balance at 29 January 2007	187
Exchange differences on translation of foreign operations	(1,398)
<b>Balance at 27 January 2008</b>	<b>(1,211)</b>

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****34 Retained earnings**

	<b>Group £'000</b>	<b>Company £'000</b>
Balance at 30 January 2006	194,743	76,153
Dividends paid	(23,238)	(23,238)
Profit after taxation for the period	25,825	14,020
Balance at 29 January 2007	197,330	66,935
Dividends paid	(23,672)	(23,672)
Gain on revaluation of available-for-sale investment taken to equity	1,555	1,555
Taxation effect on item taken directly to equity	(435)	(435)
Profit after taxation for the period	9,630	235
<b>Balance at 27 January 2008</b>	<b>184,408</b>	<b>44,618</b>

**35 Reconciliation of operating profit to net cash from operating activities**

	<b>Group 52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Operating profit from continuing operations	11,295	39,021
Impairment of goodwill	178	-
Amortisation of other intangible assets	1,994	1,282
Depreciation of property, plant and equipment	19,609	18,432
Impairment of property, plant and equipment	6,134	-
Net loss on disposal of intangible assets	14	-
Net (gain) loss on disposal of property, plant and equipment	(1,996)	1,317
Net loss on disposal of property, plant and equipment relating to the closure of Icon stores	-	1,376
Release of deferred consideration relating to a subsidiary	818	-
Increase in provisions	11,683	5,947
Share based payment reserve	383	297
<b>Operating cash flow before movements in working capital</b>	<b>50,112</b>	<b>67,672</b>
Decrease (increase) in inventories	13,098	(7,432)
(Increase) decrease in trade and other receivables	(7,207)	1,825
(Decrease) increase in payables	(1,312)	21,118
<b>Cash generated by operations</b>	<b>54,691</b>	<b>83,183</b>
Taxation paid	(8,342)	(2,844)
<b>Net cash from operating activities</b>	<b>46,349</b>	<b>80,339</b>

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**35. Reconciliation of operating profit to net cash from operating activities (continued)**

	<b>Company</b>	
	<b>52 weeks to 27 January 2008 £'000</b>	<b>52 weeks to 28 January 2007 £'000</b>
Operating (loss) profit from continuing operations	(640)	22,512
Impairment of goodwill	178	-
Amortisation of other intangible assets	1,994	1,282
Depreciation of property, plant and equipment	16,891	15,698
Impairment of property, plant and equipment	5,079	-
Net loss on disposal of intangible assets	14	-
Net (gain) loss on disposal of property, plant and equipment	(496)	240
Net loss on disposal of property, plant and equipment relating to the closure of Icon stores	-	1,376
Release of deferred consideration relating to a subsidiary	818	-
Increase in provisions	7,901	6,440
Share based payment reserve	393	297
<b>Operating cash flow before movements in working capital</b>	<b>32,132</b>	<b>47,845</b>
Decrease (increase) in inventories	11,616	(7,438)
(Increase) decrease in trade and other receivables	(3,898)	984
Increase in payables	22,221	56,793
<b>Cash generated by operations</b>	<b>62,071</b>	<b>98,184</b>
Taxation (paid) received	(5,784)	1,335
<b>Net cash from operating activities</b>	<b>56,287</b>	<b>99,519</b>

**36. Analysis of net debt as at 27 January 2008**

	<b>Group</b>		
	<b>At 29 January 2007 £'000</b>	<b>Cash flow £'000</b>	<b>Other non-cash items £'000</b>
<b>Current asset investment</b>			<b>At 27 January 2008 £'000</b>
Loan note deposit	168,117	-	-
<b>Cash and cash equivalents</b>	<b>23,566</b>	<b>(7,061)</b>	<b>(2,306)</b>
	<b>191,683</b>	<b>(7,061)</b>	<b>(2,306)</b>
<b>Current liability</b>			
Loan notes	(168,117)	-	-
<b>Non-current liability</b>			
Bank loans	(32,812)	(23,500)	(43)
	<b>(9,246)</b>	<b>(30,561)</b>	<b>(2,349)</b>
			<b>(42,156)</b>

**Notes to the Financial statements** (continued)

For the 52 weeks to 27 January 2008

**36 Analysis of net debt as at 27 January 2008 (continued)**

	At 29 January 2007 £'000	Company Cash flow £'000	Other non-cash items £'000	At 27 January 2008 £'000
<b>Current asset investment</b>				
Loan note deposit	168,117	–	–	<b>168,117</b>
<b>Cash and cash equivalents</b>	10,675	1,908	–	<b>12,583</b>
	178,792	1,908	–	<b>180,700</b>
<b>Current liability</b>				
Loan notes	(168,117)	–	–	<b>(168,117)</b>
<b>Non-current liability</b>				
Bank loans	(32,812)	(23,500)	(43)	<b>(56,355)</b>
	(22,137)	(21,592)	(43)	<b>(43,772)</b>

**37 Capital commitments**

	Group 27 January 2008 £'000	28 January 2007 £'000	Company 27 January 2008 £'000	28 January 2007 £'000
Capital commitments	<b>50,000</b>	39,000	<b>50,000</b>	39,000

Capital commitments represent anticipated costs in respect of additions to property, plant and equipment on leasehold properties on which legal contracts have been exchanged at the balance sheet dates

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****38. Operating lease arrangements****(a) The Group and Company as lessee**

The Group and the Company have entered into non-cancellable operating leases in respect of certain land and buildings. The rentals charged to the Group for the accounting period were £94,782,000 (2007 £93,032,000) and for the Company were £72,119,000 (2007 £69,906,000). In addition all insurance, maintenance and repairs are paid on these properties.

The Group and the Company have entered into non-cancellable operating leases in respect of plant and equipment. The annual rentals charged to the Group for the accounting period were £3,949,000 (2007 £3,440,000) and for the Company were £3,735,000 (2007 £3,214,000).

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Land and buildings</b>	Land and buildings	<b>Plant and equipment</b>	Plant and equipment
	<b>27 January</b>	28 January	<b>27 January</b>	28 January
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Group</b>				
Operating leases which expire				
Within 1 year	<b>92,418</b>	88,403	<b>2,429</b>	2,241
In the second to fifth years inclusive	<b>360,674</b>	346,923	<b>3,130</b>	2,882
After 5 years	<b>823,442</b>	816,766	<b>-</b>	-
	<b>1,276,534</b>	1,252,092	<b>5,559</b>	5,123
<b>Company</b>				
Operating leases which expire				
Within 1 year	<b>71,267</b>	66,157	<b>2,429</b>	2,161
In the second to fifth years inclusive	<b>278,491</b>	260,597	<b>3,130</b>	2,769
After 5 years	<b>668,217</b>	633,773	<b>-</b>	-
	<b>1,017,975</b>	960,527	<b>5,559</b>	4,930

Outstanding commitments for future minimum lease payments on land and buildings represent future rentals payable by the Group for stand-alone retail stores and combined fitness clubs/superstores. Stand-alone retail store leases have an average initial term of 15 years whilst leases for combined fitness clubs/superstores have an average initial term of 25 years. Rentals under these property leases are usually fixed for an average of 5 years. No provision within the outstanding commitments has been made for any increase in costs arising from future rent reviews.

Included in the outstanding commitments for future minimum lease payments on land and buildings are commitments relating to the leases on those retail stores which have been closed in April 2008 as a result of the restructuring of the retail store chain, referred to in note 5 of these Notes to the Financial statements.

**(b) The Group and Company as lessor**

The leases on certain stand-alone retail stores which are no longer operated by the Group, have been sub-let to third parties. The property rental income received during the accounting period for the Group was £2,644,000 (2007 £2,512,000) and for the Company was £1,158,000 (2007 £1,279,000). The Group's sub-let properties have average remaining lease commitments of 6 years.

At the balance sheet date, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	<b>Group</b>		<b>Company</b>	
	<b>27 January</b>	28 January	<b>27 January</b>	28 January
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Operating leases which expire				
Within 1 year	<b>2,118</b>	2,228	<b>810</b>	1,069
In the second to fifth years inclusive	<b>6,972</b>	8,122	<b>2,132</b>	3,500
After 5 years	<b>6,346</b>	8,900	<b>1,887</b>	2,939
	<b>15,436</b>	19,250	<b>4,829</b>	7,508

**Notes to the Financial statements (continued)****For the 52 weeks to 27 January 2008****39 Financial instruments**

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in the Statement of accounting policies on pages 47 to 49 of these Financial statements

**(a) Categories of financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>
<b>Financial assets</b>				
Investments in subsidiaries	–	–	<b>249,660</b>	250,447
Fair value through profit and loss – held for trading	<b>2,554</b>	–	<b>2,554</b>	–
Loans and receivables	<b>210,975</b>	206,322	<b>207,642</b>	206,298
Cash and cash equivalents	<b>14,199</b>	23,566	<b>12,583</b>	10,675
Available-for-sale financial assets	<b>28,100</b>	–	<b>28,100</b>	–
<b>Financial liabilities</b>				
Fair value through profit and loss – held for trading	–	582	–	582
Amortised cost	<b>335,346</b>	313,856	<b>508,164</b>	463,261

The financial liability dealt with through profit and loss of £582,000, which was the anticipated future loss on financial instruments at 28 January 2007, had changed to being a financial asset of £2,554,000, which was an anticipated future profit on financial instruments at 27 January 2008 and resulted in a net gain in profit and loss of £3,136,000

**(b) Financial risk management objectives**

The Group's and Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group and Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge its currency risk exposure. The use of financial derivatives is governed by the Group's and Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group and Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**(c) Market risk**

The Group's and Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and Company enters into derivative financial instruments to manage its exposure to foreign currency risk by forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of inventory in US dollars.

There has been no change to the Group's and Company's exposure to market risks or the manner in which it manages and measures the risk.

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**39 Financial instruments (continued)****(d) Foreign currency risk management**

The Group and Company undertakes certain transactions denominated in US dollars and therefore has exposure to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising forward foreign currency exchange contracts.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities are as follows:

	<b>Group</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>US dollars</b>	<b>3,674</b>	<b>1,968</b>	<b>84</b>	<b>480</b>
<b>Euros</b>	<b>955</b>	<b>5,523</b>	<b>485</b>	<b>112</b>

	<b>Company</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	<b>27 January</b>	<b>28 January</b>	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>US dollars</b>	<b>3,674</b>	<b>1,968</b>	<b>84</b>	<b>480</b>
<b>Euros</b>	<b>356</b>	<b>1,420</b>	<b>-</b>	<b>-</b>

**Foreign exchange**

Whilst the majority of the Group's and Company's trading activities are conducted with United Kingdom suppliers and customers with the transactions being payable and receivable in sterling, there are approximately £50 million of the Group's and Company's annualised purchases settled in US dollars. It is the policy of the Group and Company to enter into forward foreign exchange contracts to manage the risk associated with the purchase of inventory in US dollars. The Group's and Company's Treasury department tracks the sterling/dollar exchange rate on a continuous basis in order to minimise and protect the Group's and Company's risk to currency fluctuations. During the 52 weeks to 27 January 2008 the Group and Company entered into a series of forward contracts which covered its dollar requirements through to December 2009, at fixed rates of exchange.

A current asset has been created at 27 January 2008 of £2,554,000 (2007 current liability £582,000) being the element of the gain arising from the difference between the sterling value of forward foreign exchange contracts and their fair value, that is not already committed to suppliers.

At the balance sheet date, the total amount of outstanding forward foreign exchange contracts that the Group and Company is committed to are as follows:

	<b>Group and Company</b>	
	<b>27 January</b>	<b>28 January</b>
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>US dollars</b>		
<b>Forward foreign exchange contracts</b>	<b>103,704</b>	<b>34,486</b>

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**39 Financial instruments (continued)****(d) Foreign currency risk management (continued)****Foreign currency sensitivity analysis**

The US dollar is the principal foreign currency to which the Group and Company is exposed. The following table details the Group's and Company's sensitivity to a 10 per cent increase and decrease in the rate of sterling against the rate of the US dollar which represents a reasonable possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the accounting period for a 10 per cent change in foreign currency rates. A positive number shown below indicates an increase in profit where the rate of sterling strengthens 10 per cent against the rate of the US dollar. For a 10 per cent weakening of the rate of sterling against the rate of the US dollar, there would be an equal and opposite impact on the profit, and the number below would be negative.

US dollar currency impact

	<b>Group and Company</b>	
	<b>27 January 2008 £'000</b>	<b>28 January 2007 £'000</b>
<b>Profit on the rate of sterling strengthening by 10 per cent</b>	<b>14,169</b>	<b>2,986</b>
<b>Loss on the rate of sterling weakening by 10 per cent</b>	<b>(7,480)</b>	<b>(3,836)</b>

The Group's and Company's sensitivity to foreign currency has increased during the current accounting period due to the increase in the value of forward foreign exchange contracts.

**(e) Interest rate risk management**

The Group and Company finances its operations through the 5 year revolving bank credit facility, 6 year term loan and its retained profit. The revolving bank credit facility and the term loan were arranged at interest rates fixed to LIBOR and therefore the Group and Company is exposed to interest rate risk on these borrowings. No interest rate hedging agreement is currently in place because given the level of borrowings and the current interest rate environment, the Board does not consider fluctuations in interest rates to pose a significant risk to the Group and Company.

The Group's and Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this Note to the Financial statements.

If interest rates on the financial assets and financial liabilities had been 50 bps higher and all other variables were held constant, the Group's profit for the 52 weeks to 27 January 2008 would have decreased by £105,000 (2007 decreased by £57,000) and for the Company it would have decreased by £108,000 (2007 decreased by £60,000). If interest rates had been 50 bps lower and all other variables were held constant, the Group's profit for the 52 weeks to 27 January 2008 would have increased by £105,000 (2007 increased by £57,000) and for the Company it would have increased by £108,000 (2007 increased by £60,000). This is attributable to the Group's and Company's exposure to interest rates on its variable rate borrowings.

**(f) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and Company only transact with entities that have a good credit rating. The Group and Company uses publicly available financial information and its own trading records to rate its major customers. The Group's and Company's exposure and the credit ratings of its counterparties are continuously monitored and controlled by the Treasury department.

As the principal business of the Group and Company is retail related, trade receivables consist of a relatively small number of customers, although spread across diverse business sectors. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying amount of financial assets recorded in the Financial statements represents the Group's and Company's maximum exposure to credit risk.



**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**39 Financial instruments (continued)****(g) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group and Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecasts and actual cash flows. Included in note 23 of these Notes to the Financial statements is a description of additional undrawn facilities that the Group and Company had at its disposal at 27 January 2008 and 28 January 2007.

The following table details the Group's and Company's remaining contractual maturity of its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay the liability. The table includes both interest and principal cash flows. The interest rates used in respect of the bank loans has been based on 45 bps above LIBOR at 27 January 2008, the weighted average interest rate for the 52 weeks to 27 January 2008 (2007: 28 January 2007) has been used to calculate the interest on the loan notes.

	<b>Group</b>				
	<b>Less than</b>			<b>Greater than</b>	
	<b>1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5 years</b>	<b>Total</b>
<b>27 January 2008</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	110,874	–	–	–	110,874
Loan notes	176,792	–	–	–	176,792
Bank loans	–	8,865	56,209	–	65,074
	<b>287,666</b>	<b>8,865</b>	<b>56,209</b>	<b>–</b>	<b>352,740</b>

	<b>Group</b>				
	<b>Less than</b>			<b>Greater than</b>	
	<b>1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5 years</b>	<b>Total</b>
<b>28 January 2007</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	112,927	–	–	–	112,927
Forward foreign exchange contracts	34,486	–	–	–	34,486
Loan notes	175,380	–	–	–	175,380
Bank loans	–	6,907	34,683	1,917	43,507
	<b>322,793</b>	<b>6,907</b>	<b>34,683</b>	<b>1,917</b>	<b>366,300</b>

	<b>Company</b>				
	<b>Less than</b>			<b>Greater than</b>	
	<b>1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5 years</b>	<b>Total</b>
<b>27 January 2008</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	283,692	–	–	–	283,692
Loan notes	176,792	–	–	–	176,792
Bank loans	–	8,865	56,209	–	65,074
	<b>460,484</b>	<b>8,865</b>	<b>56,209</b>	<b>–</b>	<b>525,558</b>

	<b>Company</b>				
	<b>Less than</b>			<b>Greater than</b>	
	<b>1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>5 years</b>	<b>Total</b>
<b>28 January 2007</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade and other payables	262,332	–	–	–	262,332
Forward foreign exchange contracts	34,486	–	–	–	34,486
Loan notes	175,380	–	–	–	175,380
Bank loans	–	6,907	34,683	1,917	43,507
	<b>472,198</b>	<b>6,907</b>	<b>34,683</b>	<b>1,917</b>	<b>515,705</b>

The principal amount of the loan notes is secured by an identical amount held in a bank account, see note 20 of these Notes to the Financial statements.

## Notes to the Financial statements (continued)

For the 52 weeks to 27 January 2008

### 39 Financial instruments (continued)

#### (h) Fair values

The fair values of the Group's and Company's trade receivables, cash and cash equivalents, trade payables and provisions are assumed to approximate to their book value

The fair value of the foreign currency transactions are determined as follows

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts
- Foreign currency options are measured using quoted forward exchange rates, yield curves derived from quoted interest rates matching maturities of the contracts and foreign currency volatilities derived from quoted prices for similar foreign currency options

### 40 Retirement benefit schemes

#### Defined contribution schemes

The Group contributes to the personal pension schemes and stakeholder schemes of certain Executive Directors and senior executives. The contributions made by the Group are equal to the amounts contributed by the Directors and senior executives themselves and are limited to a fixed percentage of their basic salary.

The total cost charged to the Consolidated income statement for the 52 weeks to 27 January 2008 was £334,000 (2007: £183,000)

### 41 Related party transactions

#### (a) Transactions with related parties who are not members of the Group

The Group and Company have entered into the following transactions with related parties who are not members of the Group

	Income from related parties		Expenditure with related parties	
	52 weeks to 27 January 2008	52 weeks to 28 January 2007	52 weeks to 27 January 2008	52 weeks to 28 January 2007
	£'000	£'000	£'000	£'000
Whelco Holdings Limited	132	267	351	795
Former Executive Director's family trust	-	-	50	150
E-View Properties Limited	-	504	-	-
KooGa Rugby Limited	182	-	1,680	-
Source Lab Limited	-	-	486	-
	Amounts owed by related parties		Amounts owed to related parties	
	27 January 2008	28 January 2007	27 January 2008	28 January 2007
	£'000	£'000	£'000	£'000
Whelco Holdings Limited	-	137	-	176
KooGa Rugby Limited				
- Loan	4,000	-	-	-
- Trade receivables/payables	1,156	-	1,786	-
Source Lab Limited	-	-	208	-

## Notes to the Financial statements (continued)

For the 52 weeks to 27 January 2008

### 41 Related party transactions (continued)

#### (a) Transactions with related parties who are not members of the Group (continued)

In addition, remuneration has been paid to Directors and key management personnel as set out in the Directors' remuneration report on page 34 of the Annual report and in note 6 c of these Notes to the Financial statements

Whelco Holdings Limited, E-View Properties Limited and the Executive Director's family trust are all entities in which David Whelan, a former Executive Director of the Company, had an interest. David Whelan, his immediate family and related trusts, disposed of their entire shareholdings in the Company on 8 June 2007 at which date they ceased to be a related party

- Whelco Holdings Limited is a company owned by members of the family of David Whelan, operating itself or through its subsidiaries, a number of businesses including that of Wigan Athletic Football Club (WAFC), Wigan Warriors Rugby League Club (WWRLC) and the stadium in which both teams play which is known as the "JJB Stadium"
- The Group incurred expenditure in its capacity of sponsors to WAFC and WWRLC and incurred costs in respect of the naming rights for the JJB Stadium. Advice was taken from independent third parties as to the comparative levels of the costs of sponsorship and naming rights at other clubs and stadia, prior to the agreement of the amounts to be paid
- The Group made sales to Whelco Holdings Limited and its subsidiary companies in respect of both football and rugby related products
- A store in Northampton had previously been leased by JJB from a third party for a number of years and was operated as a retail store until October 1998. The freehold of the store was subsequently acquired from the third party by the Trustees of an Executive Director's Accumulation and Maintenance Settlement, (a Settlement in which some members of the family of David Whelan, had an interest). Following the opening of the new retail store in August 2003, the Group continued to pay rent on a full commercial basis at the rate of £150,000 per annum
- During the 52 weeks to 28 January 2007, JJB sold 3 acres of a 10 acre site adjacent to its head office and distribution centre to E-View Properties Ltd. The sale price of £504,000 was based upon an assessment of land value in the area by an external property consultant and resulted in a profit on disposal of £82,000 which was credited to the Consolidated income statement in the 52 weeks to 28 January 2007
- Following the disposal of his shareholdings in the Company, David Whelan acquired the Vizwear Garments business, an intangible asset of the Group, at an arms length valuation of £153,000

The Group made purchases from Source Lab Limited, a company of which a Director is the brother of the Chief Executive of JJB Sports Plc

The Company acquired 48 per cent of the issued share capital of KooGa Rugby Limited ("KooGa") on 14 June 2007 (see note 17 of these Notes to the Financial Statements). Purchases were made by the Company from KooGa at arms length prices. Income represents interest which is payable to the Company on a loan made to KooGa at a rate equivalent to that charged on the Company's revolving bank credit facility. The net amount of trade receivables/payables is unsecured and will be settled in cash. No guarantees have been given. During the period 14 June 2007 to 27 January 2008, the Company has advanced a loan of £4 million to KooGa. Repayments of the loan are to be based upon the profit after taxation of KooGa.

#### (b) Transactions with related parties who are members of the Group

The Company entered into the following transactions with related parties who are members of the Group

During the 52 weeks to 27 January 2008, the Company has supplied product for resale to Blane Leisure Limited of £87,568,000 (2007 £98,193,000), to Sports Division (Eireann) Limited of £7,444,000 (2007 £7,809,000) and to TV Sports Shop Ltd of £1,306,000 (2007 £nil). In addition, the Company received a management charge from Blane Leisure Limited of £3,000,000 (2007 £3,750,000) and from Sports Division (Eireann) Limited of £104,000 (2007 £89,000). These balances are settled through inter-company accounts

**Notes to the Financial statements (continued)**

For the 52 weeks to 27 January 2008

**41 Related party transactions (continued)****(b) Transactions with related parties who are members of the Group (continued)**

As at 27 January 2008, the Company had the following balances outstanding with related parties

	<b>Amounts owed by subsidiary undertakings</b>		<b>Amounts owed to subsidiary undertakings</b>	
	<b>27 January 2008</b>	<b>28 January 2007</b>	<b>27 January 2008</b>	<b>28 January 2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Blane Leisure Limited	-	-	<b>160,506</b>	138,884
Sports Division (Eireann) Limited	-	1,557	<b>2,228</b>	-
TV Sports Shop Limited	<b>2,327</b>	1,581	-	-
Dormant subsidiaries	<b>4,152</b>	4,152	<b>29,444</b>	29,435
	<b>6,479</b>	7,290	<b>192,178</b>	168,319

**42. Events after the balance sheet date****Final dividend**

The Board has proposed a final dividend of 7.0 pence net per ordinary share (2007: 7.0 pence). In accordance with IAS 10, the proposed dividend has not been included as a liability in the Consolidated balance sheet at 27 January 2008. Subject to shareholders' approval at the forthcoming Annual General Meeting, this dividend will be paid on 8 August 2008 to shareholders on the register at 11 July 2008.

**Original Shoe Company**

On 18 December 2007, the Company agreed to acquire the whole of the issued share capital of the Original Shoe Company ("OSC") from Sports Direct International Plc with effect from 28 January 2008 for a cash consideration of £5 million. OSC trades from 60 stores which are predominately situated in the north of England and Scotland.

OSC sells a range of branded lifestyle clothing and footwear. Its premium clothing brands include Ben Sherman, Henni Lloyd, adidas Originals, Timberland and Jack & Jones. Its footwear ranges include leisure brands such as Caterpillar, Converse, Timberland and Henni Lloyd together with ranges from Nike and adidas.

**Sale of UK indoor soccer centres**

On 26 February 2008, the Company announced the sale of its 5 UK indoor soccer centres to a subsidiary of Powerleague Group plc ("Powerleague") for a cash consideration of £17.4 million.

The Company will retain ownership of the leasehold sites and continue trading from the attached retail stores and fitness clubs. Powerleague will lease the indoor soccer centres and their wet sales facilities from the Company.

**Available-for-sale investment**

On 19 October 2007, the Company announced the purchase of 10.12 per cent of the issued share capital of Umbro Plc ("Umbro"). These shares were not held for trading and accordingly were classified as an "available-for-sale investment" in its Consolidated balance sheet at 27 January 2008, see note 20 of these Notes to the Financial statements.

On 23 October 2007, the Boards of Umbro and Nike Vapour Ltd ("Nike") announced they had reached agreement on terms for a recommended cash acquisition to be made by Nike for the entire issued and to be issued share capital of Umbro, such acquisition to be effected by means of a Scheme of Arrangement under section 425 of the Companies Act 1985 and section 899 of the Companies Act 2006.

On 29 February 2008, the Company announced that it had entered into an irrevocable undertaking with Nike to vote its interest in the shares of Umbro in favour of the Scheme of Arrangement.

On 3 March 2008, Umbro announced that the Scheme of Arrangement had become effective and on 17 March 2008, the Company received the proceeds from the sale of its shareholding in Umbro for £28,534,000, which compares to its carrying value at 27 January 2008 of £28,100,000.

**Five year summary**

For the accounting periods ending January

	Under IFRS				Under UK GAAP
	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
<b>Group trading results</b>					
Revenue					
Continuing operations	811,754	810,287	745,238	773,339	771,772
Discontinued operations	-	-	-	-	158,040
	811,754	810,287	745,238	773,339	929,812
Cost of sales	(405,642)	(425,314)	(393,075)	(402,082)	(504,665)
Gross profit	406,112	384,973	352,163	371,257	425,147
Net operating expenses	(394,817)	(345,952)	(317,814)	(309,151)	(353,825)
Operating profit	11,295	39,021	34,349	62,106	71,322
Continuing operations	11,295	39,021	34,349	62,106	69,148
Discontinued operations	-	-	-	-	2,174
Operating profit is stated after (charging) crediting the following					
Goodwill amortisation	-	-	-	-	(13,102)
Losses on closure of certain flagship stores and the subsequent disposal of the leases to those stores	-	-	-	-	(5,272)
Legal costs incurred on the abortive management buy-out of the Group	-	-	-	-	(805)
Provision for restructuring of retail store chain	(24,970)	-	-	-	-
Increase in provisions relating to legal penalty and interest thereon	-	(4,063)	(1,882)	(2,000)	-
Release of legal cost accrual	-	-	-	2,000	-
Charges relating to the closure of Icon stores	-	(3,343)	-	-	-
Net gain (loss) on disposal of property, plant and equipment	1,996	(1,317)	2,917	(835)	-
Total	(22,974)	(8,723)	1,035	(835)	(19,179)
Loss on disposal of subsidiary undertaking	-	-	-	-	(852)
Investment revenue	11,551	9,437	8,896	9,036	7,149
Finance costs	(12,442)	(9,965)	(9,498)	(8,692)	(9,781)
Share of results of associated undertaking	396	-	-	-	-
Profit before taxation	10,800	38,493	33,747	62,450	67,838
Taxation	(1,170)	(12,668)	(3,510)	(17,287)	(22,376)
Profit after taxation	9,630	25,825	30,237	45,163	45,462

**Five year summary (continued)**

For the accounting periods ending January

	Under IFRS				Under UK GAAP
	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
<b>Consolidated balance sheet</b>					
Non-current assets					
Goodwill	187,834	188,459	186,084	186,114	186,347
Other intangible assets	25,417	27,397	10,191	–	–
Property, plant and equipment	198,272	198,980	189,222	165,175	155,791
Investment in associated undertaking	1,677	–	–	–	–
Loan to associated undertaking	4,000	–	–	–	–
	417,200	414,836	385,497	351,289	342,138
Current assets	372,348	357,970	361,981	345,951	391,301
Current liabilities	(301,647)	(300,028)	(270,655)	(296,072)	(271,465)
Net current assets	70,701	57,942	91,326	49,879	119,836
Non-current liabilities	(122,846)	(95,752)	(112,230)	(43,780)	(108,971)
Net assets	365,055	377,026	364,593	357,388	353,003
Financed by					
Share capital	11,944	11,892	11,538	11,538	11,899
Share premium account	171,248	169,334	157,219	157,219	157,129
Capital redemption reserve	1,069	1,069	1,069	1,069	706
Investment in own shares	(3,083)	(3,083)	–	–	–
Share based payment reserve	680	297	–	–	–
Foreign currency translation reserve	(1,211)	187	24	(21)	–
Retained earnings	184,408	197,330	194,743	187,583	183,269
Equity shareholders' funds	365,055	377,026	364,593	357,388	353,003
<b>Key statistics</b>					
Total dividends paid or proposed	10 00p	10 00p	10 00p	10 00p	10 00p
Basic earnings per ordinary share	4 07p	11 07p	13 10p	19 54p	19 27p
Diluted earnings per ordinary share	4 07p	11 07p	13 10p	19 51p	19 23p

The amounts disclosed for 2004 are stated on the basis of UK GAAP because it is not practicable to restate amounts in the IFRS format for periods prior to the date of transition to IFRS

**Key performance indicators**

Change in like-for-like revenue	+0.2%	+7.5%	-4.3%	-1.2%	
Gross margin	50.0%	47.5%	47.3%	48.0%	
Adjusted basic earnings per ordinary share	10.89p	14.21p	12.79p	19.79p	
Net debt/(funds) (£'000)	42,156	9,246	25,025	(4,373)	
Retail selling space at period end ('000sq ft)	4,348	4,295	4,398	4,234	4,184
Number of fitness clubs at period end	49	39	32	21	16
Number of fitness club members at period end	205,800	174,700	136,800	88,400	67,300

Some key performance indicators for the 52 weeks to 25 January 2004 have been omitted because the results included those from discontinued operations

**JJB Sports plc**  
(Registered in England and Wales No 1024895)  
**Notice of Annual General Meeting**

Notice is hereby given that the 2008 Annual General Meeting of the Company will be held at the head office of JJB Sports plc at Martland Park, Challenge Way, Wigan, WN5 0LD on Thursday 24 July 2008 at 12 noon for the following purposes

**Ordinary Business**

- 1 To receive the Annual report and the Financial statements for the 52 weeks to 27 January 2008 and the Auditors' report thereon
- 2 To receive and approve the Directors' remuneration report, which includes the remuneration policy for the Executive Directors, as set out in the Annual report and Financial statements for the 52 weeks to 27 January 2008
- 3 To declare a final dividend in respect of the 52 weeks to 27 January 2008 of 7 pence net per ordinary share of 5 pence in the capital of the Company, payable on 8 August 2008 to shareholders on the register of members at the close of business on 11 July 2008
- 4 To re-appoint Deloitte & Touche LLP of 2 Hardman Street, Manchester, M60 2AT as auditors for the ensuing accounting period and to authorise the Directors to determine their remuneration
- 5 To re-elect as a Director, Roger Lane-Smith who retires by rotation
- 6 To re-elect as a Director, Barry Dunn who retires by rotation
- 7 To re-elect as a Director, David Beever who retires by rotation
- 8 To elect as a Director, Alan Benzie who has been appointed by the Board of Directors since the last Annual General Meeting
- 9 To elect as a Director, David Jones who has been appointed by the Board of Directors since the last Annual General Meeting
- 10 To elect as a Director, David Madeley who has been appointed by the Board of Directors since the last Annual General Meeting

**Special Business**

To consider, and if thought fit, pass the following resolutions which will be proposed as an ordinary resolution in the case of resolution 11 and as a special resolution in the case of resolution 12

- 11 That in substitution for all other authorities under that section, the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("Act") to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) of the Company up to a maximum nominal amount of £3,981,418 during the period commencing on the date of the passing of this resolution and expiring (unless previously renewed, varied or revoked by the Company in general meeting) fifteen months from the date of the passing of this resolution or, if earlier, on the conclusion of the next Annual General Meeting of the Company, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority hereby conferred had not expired
- 12 That in substitution for all other existing powers under that section and subject to the passing of resolution 11, the Directors be generally empowered pursuant to section 95 of the Companies Act 1985 ("Act") to allot equity securities (as defined in section 94(2) of the Act) of the Company pursuant to the authority conferred by resolution 11, as if section 89(1) of the Act did not apply to such allotment, save that such power shall be limited to
  - 12 1 allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares of 5 pence each in the capital of the Company in proportion (as nearly as practicable) to their existing holdings of ordinary shares of 5 pence each, but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with
    - 12 1 1 equity securities representing fractional entitlements, and
    - 12 1 2 legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory, and
  - 12 2 allotments of equity securities for cash (otherwise than pursuant to paragraph 12 1) up to a maximum aggregate nominal value of £597,218,

## Notice of Annual General Meeting (continued)

### Special Business (continued)

and (unless previously renewed, varied or revoked by the Company in general meeting) such power shall expire fifteen months from the date of the passing of this resolution or if earlier, on the conclusion of the next Annual General Meeting of the Company, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities pursuant to such offer or agreement as if the power hereby conferred had not expired

By order of the Board

**JD Greenwood**  
**Company Secretary**

23 May 2008

### Notes

- (1) A form of proxy is enclosed with this Notice. To be valid, the form of proxy (together with any power of attorney or other authority (if any) under which it is signed or a notanally certified copy of such power or authority) must be completed, signed and sent to the office of the Company's registrars Capita Registrars, The Registry, 34 Beckenham Road Beckenham, Kent BR3 4TU so as to arrive not later than 12 noon on Tuesday 22 July 2008 (or, in the event that the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting)
- (2) A member is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar on 08716 640300 (calls cost 10p per minute plus network charges) or you may photocopy the proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. The right of a member under section 325 of the Companies Act 2006 ("2006 Act") to appoint a proxy does not apply to a person nominated to enjoy information rights under section 146 of the 2006 Act. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.
- (3) Only those Shareholders registered in the register of members of the Company as at 6 pm on Tuesday 22 July 2008 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meetings, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of ordinary shares of 5 pence each registered in their name at that time. Changes to entries in the register of members of the Company after 6 pm on Tuesday 22 July 2008 or in the event that the meeting is adjourned, 48 hours before the time of the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
- (4) Where a copy of this notice is being received by a person who has been nominated to enjoy information rights under section 146 of the 2006 Act ("nominee")
  - (a) the nominee may have a right under an agreement between the nominee and the member by whom he was appointed to be appointed, or to have someone else appointed, as a proxy for the meeting or
  - (b) if the nominee does not have any such right or does not wish to exercise such right the nominee may have a right under any such agreement to give instructions to the member as to the exercise of voting rights
- (5) Biographical details of all those Directors who are offering themselves for re-election at the meeting are set out on pages 10 to 11 of the Annual report and Financial statements.
- (6) Copies of the service contracts or letters of appointment between the Company and its Directors is available for inspection at the registered office of the Company during usual business hours on Mondays to Fridays (except public holidays) from the date of this Notice until the date of the meeting and will be available for inspection at the place of the meeting for fifteen minutes prior to the meeting and at the meeting.
- (7) Dividend warrants in respect of the proposed Final Dividend, if approved, will be posted on 7 August 2008.



## Financial calendar

Preliminary results announced

**16 April 2008**

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Interim management statement published

**20 May 2008**

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Annual report and Financial statements  
published

**23 May 2008**

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Final dividend record date

**11 July 2008**

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Annual General Meeting

**24 July 2008**

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Final dividend payable

**8 August 2008**

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Interim results published

**September 2008**

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Interim management statement published

**November 2008**

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End of current accounting period

**25 January 2009**

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Preliminary results published

**April 2009**

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Annual report and Financial statements  
published

**May 2009**

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JJB Sports plc

## Notes

**Notes**

## Retail store and fitness club locations

The locations of retail stores and fitness clubs as at 27 January 2008 are set out below. Full address details of our retail stores and fitness clubs can be found using our site-locator facility available on our websites [www.jjbsports.com](http://www.jjbsports.com) and [www.jjbfitness.co.uk](http://www.jjbfitness.co.uk)

<b>Fitness clubs 49 sites</b>	<b>Republic of Ireland 5 stores</b>	<b>North West 67 stores</b>	<b>West Midlands 37 stores</b>	<b>East Anglia 9 stores</b>	<b>South East 77 stores</b>
Aberdeen	Blanchardstown	Accrington	Banbury	Bury St Edmunds	Ashford
Bangor	Dublin Liffey Valley	Altrincham	Birmingham	Felixstowe	Aylesbury
Barnsley	Dundalk	Ashton-under-Lyne	Brierley Hill	Great Yarmouth	Basingstoke
Belfast	Limerick	Baguley	Coventry	Ipswich	Beckton
Blackburn	Tallaght	Birkenhead	Dudley	Kings Lynn	Bedford
Bolton		Blackburn	Hanley	Norwich	Bexley Heath
Bristol		Blackpool	Hereford		Borehamwood
Bromborough		Botton	Kidderminster		Bournemouth
Burton-upon-Trent		Booth	Leamington Spa		Bracknell
Bury		Bromborough	Nuneaton	<b>South West 27 stores</b>	Brighton
Coatbridge		Burnley	Oldbury	Barnstaple	Cambridge
Derby		Bury	Redditch	Bath	Cambridge
Dundalk		Cheshire Oaks	Rugby	Bristol	Canterbury
Dundee		Chester	Shrewsbury	Cheltenham	Cheltenham
Gainsborough		Chorley	Smethwick	Cowley	Chelmsford
Glasgow		Crewe	Solihull	Dorchester	Colchester
Gloucester		Eccles	Stafford	Exeter	Colliers Wood
Halifax		Ellesmere Port	Stechford	Gloucester	Crawley
Hull		Lancaster	Stratford-upon-Avon	Oxford	Croydon
Inverness		Leigh	Tamworth	Plymouth	Dover
Kidderminster		Liverpool	Telford	Poole	Dunstable
Leeds		Macclesfield	West Bromwich	Salisbury	Ealing
Leigh		Manchester	Wolverhampton	Swindon	Eastbourne
Limerick		Oldham	Worcester	Taunton	Edgeware
Llanelli		Prescot		Torquay	Eltham
Londonderry		Preston		Truro	Enfield
Macclesfield		Rochdale		Yeovil	Epsom
Mansfield		Runcorn	<b>East Midlands 24 stores</b>		Fareham
Merthyr Tydfil		Salford	Boston		Farnborough
Middlesbrough		Skelmersdale	Burton-upon-Trent		Friern Barnet
Newton Abbey		Southport	Chesterfield		Gillingham
Newcastle upon Tyne		St Helens	Corby		Gravesend
Newport		Stockport	Derby		Guildford
Northampton		Walkden	Gainsborough		Harlow
North Shields		Wallasey	Grantham		Hastings
Oldham		Warrington	Leicester		Hayes
Seelby		Widnes	Lincoln		Hemel Hempstead
Southport		Wigan	Loughborough		Ilford
St Helens		Winstanley	Mansfield		Kingston
Swindon		Workington	Northampton		London Staples Corner
Telford			Nottingham		Luton
Thanet			Peterborough		Maidstone
Trafford					Milton Keynes
Warrington					Newbury
Widnes					Orpington
Wigan					Portsmouth
Winstanley					Reading
					Romford
					Shepherds Bush
					Sidcup
					Slough
					Southampton
					Southend
					Staines
					Stevenage
					Sutton
					Thanet
					Twickenham
					Uxbridge
					Walthamstow
					Waterlooville
					Watford
					Welwyn Garden City
					West Thurrock
					Winchester
					Woking
					Worthing

### **Northern Ireland 23 stores**

Antrim  
 Ballymena  
 Bangor  
 Belfast  
 Coleraine  
 Craigavon  
 Lisburn  
 Londonderry  
 Newry  
 Newtownabbey  
 Newtownards  
 Portadown

### **Cumbria/North East 22 stores**

Barrow-in-Furness  
 Carlisle  
 Darlington  
 Durham  
 Gateshead  
 Hartlepool  
 Kendal  
 Middlesbrough  
 Newcastle upon Tyne  
 North Shields  
 South Shields  
 Stockton  
 Sunderland  
 Washington

### **Yorkshire 37 stores**

Barnsley  
 Bradford  
 Crystal Peaks  
 Dewsbury  
 Doncaster  
 Gillsby  
 Halifax  
 Harrogate  
 Huddersfield  
 Hull  
 Keighley  
 Leeds  
 Rotherham  
 Scarborough  
 Scunthorpe  
 Selby  
 Sheffield  
 Wakefield  
 York

### **Wales 23 stores**

Bangor  
 Bndgend  
 Caerphilly  
 Cardiff  
 Carmarthen  
 Cwmbran  
 Haverfordwest  
 Llandudno  
 Llanelli  
 Llantrisant  
 Merthyr Tydfil  
 Newport  
 Rhyl  
 Swansea  
 Wrexham